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South and East Asia Report

No. 990

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CONTENTS

INDIA

Indians, Yugoslavs Discuss Cooperation Abroad
(THE STATESMAN, 19 Feb 81) 1

Reasons for Assamese Economic Problems Examined
(Jyoti Jafa; THE STATESMAN, 19 Feb 81) 2

Foreign Banks Reported Ready To Help
(G.K. Reddy; THE HINDU, 20 Feb 81) 5

Minister's Speech on the 1981-82 Railway Budget
(THE HINDU, 20 Feb 81) 7

Railways Board Chairman Briefs Press on Budget
(THE HINDU, 20 Feb 81) 26

Convention Requests Industry Status for Mining
(THE HINDU, 20 Feb 81) 28

Oil Minister Confers With OAPEC Representative
(THE STATESMAN, 19 Feb 81) 29

INDONESIA

Intrusion of Military Into Development Decried
(Dorodjatun Kuntjoro-Jakti; PRISMA, Dec 80) 31

KAMPUCHEA

VODK Battlefield Reports
(Voice of Democratic Kampuchea, various dates) 41

Eastern Region
Moung-Koas Kralor-Bakan
Pursat Battles
All Battlefield Statistics

Railroad Track Cut
Siem Reap Province
Pursat Railroad Damage
Battambang Bridge Destroyed

LAOS

Northern Region Security Problems, Developments Noted
(SIANG PASASON, 29 Jan 81) 44

Organization of Foodstuffs Corporations, Tax Collections Reported
(VIENTIANE MAI, 3 Feb 81) 46

Cadre Identity Cards Discussed
(VIENTIANE MAI, 2 Feb 81) 47

Briefs
Saravane District Statistics, Security 48

PAKISTAN

Formation of Consumer Resistance Bodies Urged
(BUSINESS RECORDER, 18 Mar 81) 49

Reagan Policy on Gulf States; Government Expected To Shift
(Editorial; KHYBER MAIL, 15 Mar 81) 50

GDP Up 6.2 Percent in 1979-1980
(BUSINESS RECORDER, 17 Mar 81)..... 52

Outstanding Debts Listed at $8.72 Billion
(BUSINESS RECORDER, 17 Mar 81) 53

Bagasse-Based Newsprint Plant in Faisalabad
(BUSINESS RECORDER, 16 Mar 81) 54

Moong Output Up 9 Percent
(BUSINESS RECORDER, 14 Mar 81) 55

Editorial: Baluchistan on Road to Progress
(Editorial; BALUCHISTAN TIMES, 6 Mar 81) 56

Editorial Cites Investment Plans for Overseas Nationals
(Editorial; MORNING NEWS, 18 Mar 81) 58

Japan To Give $18.5 Million in Aid
(MORNING NEWS, 23 Mar 81) 60

Briefs
Smuggled Gold Seized 62
Baluchistan Normalization Process 62
Tractors for Farmers 62

Islamic Oil Purchase Aid 63
Smuggled Gold Seized 63
Army Recruiting Program 63

PHILIPPINES

Exciting Prospects Reported for 'Petroleum Tree'
(PHILIPPINES DAILY EXPRESS, 9 Mar 81) 64

Cocobank Reinvests $125 Million
(PHILIPPINES DAILY EXPRESS, 9 Mar 81) 65

Economic Results Get High Rating
(PHILIPPINES DAILY EXPRESS, 8 Mar 81) 66

Ople Cautions Labor Groups
(BULLETIN TODAY, 13 Mar 81) 69

Expansion of Tax Exemption for Mines Reported
(BULLETIN TODAY, 24 Mar 81) 71

Seaweeds To Be Processed in Cebu Plant
(BULLETIN TODAY, 19 Mar 81) 73

Labor Demand in Saudi Arabia Favors Republic
(BULLETIN TODAY, 19 Mar 81) 74

Plans Okayed To Boost Food Effort, Lower Prices
(BULLETIN TODAY, 19 Mar 81)..... 75

Nation's Economy for Year Assessed
(BULLETIN TODAY, 18 Mar 81) 76

Briefs
Mindanao Alliance Organizing Movement 77

THAILAND

Despite Some Successes, Problems Continue in South
(Francois Nivolon; LE FIGARO, 2 Mar 81) 78

INDIANS, YUGOSLAVS DISCUSS COOPERATION ABROAD

Calcutta THE STATESMAN in English 19 Feb 81 p 9

[Text] New Delhi, Feb. 18--India has offered economic cooperation with Yugoslavia in third countries in various fields, with the help of leading Indian public sector enterprises like EPI, HMT, NBCC and BHEL, which are already executing projects in different parts of the world.

The offer was discussed at the first plenary meeting of the 13th session of the Indo-Yuboslav joint committee for economic cooperation here today. The Yugoslav delegation is led by Mr Meted Raotar. Minister for Foreign Trade and the Indian delegation by Mr Pranab Mukherjee, Minister for Commerce.

Elaborating his proposal for third-country projects, Mr Mukherjee said that while enterprises like Mecon could take on steel projects, the others specialized in consultancy and turnkey projects in telecommunication.

Indian consultancy services were available for the entire range of infrastructure such as power generation, transmission and distribution, railways, roads and bridges, airport, ports, town planning, buildings, dams and irrigation projects.

Yugoslav firms which took up turnkey and construction or consultancy jobs in other countries could cooperate with Indian firms on a mutually advantageous basis. They could start joint bidding or joint negotiations for tenders, he said.

Both ministers expressed concern at the decline in the volume of trade between India and Yugoslavia, and agreed that all efforts should be made to increase and diversify the trade turnover speedily.

It was noted that the total turnover during 1980 had been around $113 million, only marginally better than the achievements in 1979, but far below the turnover in 1978. Yugoslavia's exports to India had been gradually falling, while India's exports to Yugoslavia had remained stagnant.

CSO: 4220

REASONS FOR ASSAMESE ECONOMIC PROBLEMS EXAMINED

Calcutta THE STATESMAN in English 19 Feb 81 p 8

[Article by Jyoti Jafa]

[Text] There is a growing misconception that outsiders are hampering Assam's growth by exploiting its labour and resources, and then siphoning off profits outside the State. Capitalist exploitation has become an emotional issue unrelated to any concrete cause and effect throughout the north-east. Assam's business is mainly in the hands of non-Assamese. But the non-Assamese compradors have contributed significantly to development: generated jobs; and invested to some extent in the social welfare of the region.

In the early days, before Government policies of protectionism encouraged regional antipathies, business men were made welcome and given full cooperation by local leaders. The area was opened up, and links established with the outside world, as much through State endeavour as through the forward march of private enterprise.

Migrant capitalists launched development, helped to sustain it, and have since been injecting heavy doses of much-needed concessional financing into the north-east. How did Assamese business accumulate in non-Assamese hands? Why has so much outside labour come into the State? Is there any significant disparity between the payment patterns of Assamese and non-Assamese firms? Do outsiders repatriate all profits or plough something back into the region's growth and welfare? Are Assamese entrepreneurs revitalizing their State's economy? And why has this hostility to outside entrepreneurs surfaced in the agitation year?

A cynical commercial house head remarked that all this "halla" about exploitation would die down once the losses began to pinch. "For centuries, these people haven't been interested in profit making. Now all of a sudden they want to corner the market. Expectations and aspirations alone cannot generate commercial capability. For that, there must be complete rethinking, hard work, and understanding of economic trends." He pointed out that work at several crucial projects ground to a halt last year as mounting political instability held up equipment shipments and forced non-Assamese workers and technicians to leave the region. Many Assamese, too, were inevitably hit by work stoppage. Meanwhile, industrial costs continue to soar, and the delays have meant rising costs for everybody.

Industry needs a steady supply of cheap and dependable labour. There has always been a free flow of labour into Assam from areas of diminishing returns to what seemed to be the land of opportunity. The locals wrapped up in a self-sufficient agro-economy, did not acquire the necessary marketable skills required today. They are still not willing to engage in hard work on construction sites, tea gardens, or factories. Therefore, the only option is to import labour from other States.

Apart from oil, tea and timber--there is no major industry as such in the northeast. Business is chiefly trade and transport or construction oriented. There is no such thing as "cheaper outside labour." Salaries are fixed according to all-India patterns of payment, and daily labour wages based on current market rates. If the newly emerging Assamese labour class--created because of population pressure and land alienation, especially in the Boro-Kachari tribal belt--could complete successfully with the outside work force [as published], the question of importing labour would not arise, because most entrepreneurs prefer engaging local people.

A comparative study of payment patterns in Assamese, Marwari, Tribal Punjabi, Sindhi and Bengali firms reveals that all the subject to union rates and market trends. Since the wage patterns for skilled, unskilled, and technical labour are uniform, it is only the managerial staff whose pay and perks differ from company to company. There seems to be a general belief that tax and trade secrets are safer with one's own kith and kin; to this rule I have found Assamese business men to be no exception.

Even today, the Assamese upper classes are more concerned with preserving the essence of a traditional agrarian life style. They lack both the technical expertise in management of modern enterprises and the social vision which would prompt them to use landholding as an adjunct to industry and trade, rather than making trade and industry subservient to traditional landholding. While they were still caught up in the dilemma between pastrol values and modern private enterprise, they were outpaced by a large group of enterprising outsiders committed to new business techniques. Today, trade is concentrated either in the hands of monopoly houses operating from Calcutta, or in the hands of outsiders dependent on Government contracts and supply work.

The new Assamese bourgeoisie has also invested mainly in agriculture or real estate. Its participation in manufacture, trade, transport, or banking is limited by a disinclination to leave the homeland. Powerless at the national level, it became a beneficiary at the village and community level. It is this middle core which, finding upward socioeconomic mobility blocked by outsiders, clamours the loudest against exploitation. Even so, current calculations show that migrant capitalists are firmly integrated with the regional economy: on their forced or voluntary withdrawal, a vacuum would cause the northeastern market to collapse.

Migrant capitalists are often accused of exploiting Assam through manipulation of its political bosses. But so far there has been only partial political activity on behalf of these people. Contributions to party funds or AASU organisation, or individual financing, have not secured a business lobby in the Assam

Assembly. Because of mutual hostility to inter-marriage, there are no solid ties with the ruling elite. Migrant enterprises are largely family-based.

Corporate arrangements which provide the organizational basis for greater class cohesion and political clout has developed only in the tea industry. Increasingly hampered by protective legislation in the tribal States, outsiders concentrated heavily in Gauhati, Dibrugarh, Tinsukia, Jorhat, Sibsagar, Dhubri and Tezpur. With population pressure, decline in agricultural income, and rapid inflation, the Assamese developed an urge for matching migrant life styles and buying power. But they found entrepreneurial avenues over-crowded by people whom they had contemptuously called money grabbing "kajyas."

Traditional Indian values have held commercial activity in low esteem. The scholarly Brahmin and the martial Kashtriya have always been higher in status than the merchant. The term "bania" or trader has retained derogatory overtones: and many of them do not improve matters by affecting religious beliefs which hold commercial gain to be a kind of sin. Many of them give away large sums for charitable purposes or religious funds. And yet their role in society has gained little positive recognition. Outsiders also failed to establish any link with the growing intelligentia which condemns commercial acquisitiveness.

After the 1967 Gauhati riots, migrant business men became justly apprehensive about personal security and investments in Assam. Today outsiders are understandably scared of reinvesting earnings in Assam: they are expanding business outside the region. One young contractor, who has really made capital out of his matrimonial alliance with a rich, politically powerful local family, is planning to shift lock, stock, and wife to greener pastures.

CSO: 4220

FOREIGN BANKS REPORTED READY TO HELP

Madras THE HINDU in English 20 Feb 81 p 9

[Article by G. K. Reddy: "W. European Banks Ready To Help India"]

[Text]

NEW DELHI Feb. 19.

After the U.S. freeze of Iranian assets last year following the refusal to release the American hostages, the oil-exporting Arab countries, including Saudi Arabia, have been following a policy of not putting all their eggs in one basket.

The decision to diversify the deposit of their surplus oil revenues led to a phenomenal accumulation of assets with the major banks in Western Europe, which are now seeking safe outlets for this hot money by investing some of the petro-dollars in countries like India with a good record of repayment.

The visiting West European delegations have been making discreet inquiries about India's requirements for financing the import of industrial equipment from their countries for setting up new ventures with their technical collaboration. The massive programme of oil exploration, expansion of the coal and power sectors, modernisation of the existing steel plants and construction of new ones, and improvement of railways and ports will require, according to these experts, a foreign exchange component of at least $10 billions over the next five years which the European banks are prepared to provide at competitive interest rates.

The bulk of India's foreign exchange reserves will be required to finance oil imports and help bridge the gap in balance of payments. So India has been exploring the possibilities of obtaining additional finance from international institutions, foreign banks and even some Arab countries through bilateral arrangements.

UAE Interest

A Kuwaiti delegation is now in India exploring the possibilities of such investment. The United Arab Emirates also has expressed interest in participating in joint ventures in India including a giant oil refinery on the west coast.

Though there is no direct word from Saudi Arabia, some private Arab investors, operating from Europe, have been sounding India whether it will be interested in loans to finance specific projects. The Iraqi Government, at one stage, indicated an interest in similar investment, but it is now preoccupied with war. The Iranian Government also is bogged down in its domestic turmoils and unable to divert to countries like India some of the funds released from U.S. sequestration.

India's Credit Abroad High

A number of U.S. banks also have been inquiring about India's foreign exchange requirements, but have made no offers in the absence of any specific inquiries from the Indian side. They are, however, keeping in close touch with their associates in Europe about the proposed diversion of the surplus petro-dollars by them.

Despite the double digit inflation, stagnation in domestic production and an increasing gap in the balance of payments in the wake of the periodic hikes in oil prices, India's credit abroad has been quite high with its well-established reputation for honouring its debt repayments. The country has not so far defaulted even on a single occasion, although in some cases repayments of aid funds have been rescheduled by the countries concerned to reduce the burden

If the Government has succeeded in mopping up the expected Rs 1,000 crores of black money through bearer bonds before the budget, the country's credit would have been still higher, with a narrow deficit. But because of the uncertainties created by the pending Supreme Court review of the legality of the Ordinance, the response so far to the bond issue has been very poor.

The anticipated big deficit in the budget, plus the widening gap in the balance of payments, will add considerably to the country's financial burdens. But since its international credit remains quite good despite these problems, the country can go ahead with its plans for greater investment in key sectors to get over the hump in five years, before the oil prices become intolerable.

PTI reports:

India today offered the Organisation of Arab Petroleum Exporting Countries (OAPEC) a wide range of technical services, including the possibilities of setting up joint ventures in petrochemicals.

The offer was made at a meeting the OAPEC Secretary-General, Dr Ali A. Attiga, had with senior officials and technical personnel here on the second day of his week-long visit.

CSO: 4220

MINISTER'S SPEECH ON THE 1981-82 RAILWAY BUDGET

Madras THE HINDU in English 20 Feb 81 pp 6,7

[Text] New Delhi, Feb 19--The following is the text of the speech of the Railway Minister, Mr Kedar Pandey, while introducing the railway budget, 1981-82, in Parliament today:

Sir, I rise to present the revised estimates for 1980-81 and the budget estimates for 1981-82.

Let me start with a brief review of the financial results of the preceding year (1979-80), the accounts of which have been finalised during the year. While presenting the interim budget in March 1980, my predecessor had informed the House that the budget estimates for that year presented by the previous Government had been based on an originating loading of 222 million tonnes of revenue earning traffic which, in the context of the declining trend in freight traffic after 1976-77, proved to be unrealistic.

The revised estimates of that year were, therefore, reassessed on a scaled down target of 194 million tonnes of originating revenue earning traffic, against which the actual loading achieved was 193.06 million tonnes.

The working expenses, however, had to be increased by Rs 36.24 crores from Rs 1,827.83 crores to Rs. 1,864.07 crores, on account of the persisting escalation in costs of the inputs. In the overall, the revised estimates projected a deficit of Rs 42.10 crores.

The year, however, closed with a deficit of Rs 66.24 crores comprising a shortfall of Rs 16.60 crores under gross traffic receipts and an increase of Rs 14.31 crores under ordinary working expenses, offset by a saving of Rs 6.77 crores under net miscellaneous expenditure and divided to general revenues.

Consequently the operating ratio for the year deteriorated from 90.04% to 91.5%. The railway's indebtedness to general revenues also, therefore, increased from Rs 273.52 crores at the end of March 1979 to Rs 370.92 crores at the end of March 1980.

The Plan expenditure during 1979-80 was Rs 692.88 crores, excluding Rs 21.40 crores on metropolitan transport projects, as against the budget provision of Rs 629.00 crores and and Rs 21.00 crores respectively.

Freight Operations: I shall now summarise the performance so far during the current year.

As the House is aware, the loading target of revenue earning originating traffic for the current year was fixed at 214.5 million tonnes. During the first seven months (April to October 1980), the shortfall in the lifting of revenue earning traffic, with reference to the proportionate budget target for the period, was 15.29 million tonnes.

Some of the major factors which affected the performance during this period were power cuts in the eastern sector resulting in a drop in productivity in the marshalling yards and workshops, less production of steel and consequent reduced intake of raw materials by the steel plants, and less production of cement particularly in the Rajasthan area. Disturbed conditions in Assam also resulted in hold-up of traffic and detention of large number of loaded wagons. Labour troubles in the mines at Bailadilla affected movement of iron ore for export.

Irrational movements also increased due to the closure of refineries in the eastern sector, requiring movement of petroleum products from the western region over longer distances, increasing the turn-round of wagons and increased movement of foodgrains from Punjab and Haryana over longer leads due to drought conditions in many States of the country.

Added to this were some internal factors on the railways which contributed to the sluggishness in operational efficiency.

I am, however, glad to report that, as a result of the various administrative and innovative steps taken three months ago, and with the economy turning the corner, the railway operation is now "back on the rails" and, for the first time during the year, in the month of November 1980 the loading was higher than in the corresponding month of the previous year.

Against a monthly average loading of 15.03 million tonnes during the first seven months of the year, there has been a progressive stepping up in loading to 16.19 million tonnes in November 1980, 17.82 in December 1980 and about 19 million tonnes in January 1981.

During November 1980, December 1980, and January 1981, the daily average loading was more than the average of the first seven months by 1,383 wagons, 3,879 wagons and 4,742 wagons respectively.

The resilience demonstrated by the railways in the recent past makes me confident that this increased tempo will be maintained through the remaining two months of the year i.e. February and March 1981, and that the cumulative total loading for the year would exceed that of the previous year.

Innovations

The House will naturally be interested to know some details of the measures taken to improve operational efficiency and I shall, therefore, make a brief mention of the more important managerial innovations which have resulted in this recovery in the operating performance.

By far the most rewarding step taken has been the segregation of the modern wagon fleet, fitted with roller bearings and centre buffer couplers, from the older conventional wagons and their operations as "Express" streams of freight traffic. This Express stream is now used increasingly for loading essential commodities like foodgrains, fertilisers, cement and coal, the availability of which all over the country has already improved.

This innovation has also resulted in removing coupler incompatibility reducing the workload on marshalling yards and terminals and attaining of higher speeds, cumulatively leading to improved turn-round of wagons.

Increased use of closed circuit movement of open BOX wagons for coal, steel plant materials and export ore and covered wagons "jumbos" for foodgrains, fertilisers and cement have enabled the railways to transport the added traffic much more efficiently. Additionally, optimisation of the loads of goods trains by enforcing the discipline that the trains should be formed with loads meeting the full hauling capacity of the locomotives has helped in reducing the number of trains resulting in better utilisation of section capacity.

Another innovation has been the use of diesel and electric locomotives in specified sectors, nominated after a selective study of sections where steam engines were operating in the past. This measure has served the two-fold purpose of speedy positioning and clearance of wagons in selected sectors ensuring fluidity of operations and rendering steam engines surplus.

Thus it has been possible so far to store about 500 steam engines resulting in a reduction in the requirement of coal for railways' own purposes and a corresponding increase in the availability of coal for industry.

Introduction of integrated operation encompassing end-to-end running of through goods trains with the same electric or diesel engine has been a significant step towards optimising the utilisation of costly assets. Full train loads for a single destination are now being run with the same locomotive eliminating detentions at intermediate terminals, ensuring at once considerable improvement in rolling stock utilisation and savings in transit time.

Manpower at intermediate wagon examination points so saved now attends to general wagon maintenance and the manpower saved in steam locosheds is being deployed to improve wagon maintenance in wagon repair depots improvised out of steam locosheds otherwise needing to be closed.

Considerable attention has been paid to overtaking the arrears in repairs and maintenance of the wagons to create a "fleet that works." Wagons unsuitable for loading are being speedily segregated and facilities to make them fit have been augmented.

A crash programme has also been launched to identify and condemn the overaged wagons on age-cum-condition basis for disposal as scrap expeditiously. This will save track capacity and holding space in yards and depots as also yield additional earnings from sale of scrap.

A more important benefit will be the increased availability of scarce steel scrap for industry. Speedy rehabilitation of BOX wagons constituting about 50% of the fleet for the Express stream of traffic is also receiving special attention.

New Repair Shop

In the past, owing to various constraints, the maintenance facilities for rolling stock have unfortunately not kept pace with the requirements. This has been particularly bad in respect of coaches creating considerable constraints in organising new passenger services, augmenting the accommodation on existing passenger trains and meeting the requirements of coaches for tourists and other groups.

As part of the efforts at easing the situation, a new repair shop for repairing 1200 coaches per annum has already been sanctioned and the foundation stone of this factory was laid by the President of India at Tirupati on December 25, 1980.

Passenger Traffic: During the current year, 79 additional non-suburban trains have been introduced and the runs of another 27 trains extended. These include the bi-weekly Bombay VT-Varanasi Mahanagri Express, Delhi-Patna Sonbhadra Express, a day-time fast service between Ernakulam and Cannanore, an overnight service between Dhanbad and Patna and a daily express between Mysore and Bangalore.

In addition to the usual arrangements made to clear the seasonal passenger rush on account of various congregations and melas, railways instituted special arrangements to clear the pilgrim traffic in connection with the completion of thousand years of installation of the statue of Lord Bahubali.

The dictates of the national economy demanding a higher priority for meeting the freight traffic needs, as also the inadequacy of passenger coaches, may slow down the introduction of additional passenger trains for the time being. I am fully conscious of the genuineness of the demand for additional passenger train services in the wake of increase in population and economic activity in the country, but I had to take this painful decision partly on account of the lack of resources and also because of the severe adverse impact additional passenger trains will have on the transportation of vitally needed freight traffic.

Our effort is, therefore, being concentrated in creating the infrastructure for running heavier goods trains of up to 4,500 and even 7,500 tonnes hauled by multiple engine consists. This will release line capacity which in future can be made use of for increasing the passenger services. I am sure that all the sections of the House will appreciate the rationale of this approach. [as published]

In the short term, it has been decided to meet the present situation by taking recourse to augmenting the loads of the existing passenger carrying services to the extent feasible by increased dieselisation and electrification, including hauling of selective passenger trains with two engines.

In pursuance of this approach, the composition of Karnataka-Kerala Express has been increased from 14 coaches to 21 coaches with effect from January 29, 1981. Steps are also being taken to double-head the Pink City Express between Delhi and Jaipur which would also provide a tri-weekly fast service between Delhi and Ajmer, Delhi-Howrah Rajdhani Express is also now hauled by an electric locomotive, thereby providing additional accommodation on the train and also achieving a saving in costly diesel fuel.

Having successfully rationalised and streamlined the arrangements for moving the goods traffic, attention has now been concentrated on the facilities available for passenger traffic. I am aware that considerable improvements still need to be made in maintaining punctuality of trains, cleanliness in trains and station premises, catering arrangements, reservation facilities and so on.

I can assure the House that with the care and attention now being bestowed to these matters a good deal of improvements, to the extent permitted by the available financial and physical resources, will be achieved within the next few months.

Plan Outlays

The Plan outlay for the railways under the Sixth Five-Year Plan for 1980-85 is Rs 5,100 crores--a substantial step up over the outlay of Rs 3,400 crores indicated for the now defunct 1978-83 Plan, but still very much short of the requirements of the railways for creating additional capacity, opening up new lines and overtaking the arrears in renewals and replacements.

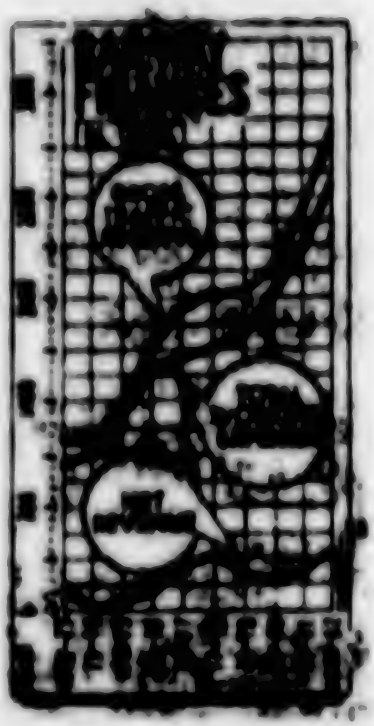
Judicious apportionment of the scarce investible resources amongst the various competing and compelling requirements has been a tough exercise. Since the most pressing requirement is for rehabilitation, it has been decided to give top most priority to replacements and renewals.

Appreciable dent will be made in the backlog in track renewals and replacement of wagons. It is expected that replacement of over 50,000 wagons in terms of four-wheelers, 5,000 coaches and 300 electrical multiple units and renewal of 14,000 kilometres of track will be achieved during this Plan period.

On account of this main thrust, the 1980-85 railway Plan may well be termed a "rehabilitation plan." Simultaneously, as a long term objective, the pace of electrification is also being accelerated in the national interests.

Despite these steps, the gap between the demand for rail transport and its availability will exist, but the bare needs of the core sector of the national economy will get adequate priority.

A good proportion of the balance available has necessarily to be set apart for completing the on-going projects of a capacity-generating nature so that the benefits of these projects become available to the nation at the earliest. As a consequence, allocations for new lines and gauge conversions will be much below the levels required until additional resources become available.



Judging from the demands for gauge conversions from various quarters I get the feeling that there is a popular belief that only the broad gauge railways can render efficient service. I would like to dispel this belief.

Metre gauge railways, with adequate inputs, can render speedy, efficient and economic rail transportation services, as has been the experience in several foreign countries. In fact, these countries have attained higher speeds up to 150 kilometres per hour on the metre gauge as compared to the maximum of 130 kilometres per hour that we have attained on the broad gauge system. Our thrust should, therefore, be to improve our metre gauge service, rather than neglecting or discarding them.

Despite the obvious advantages of a uniform gauge, the massive input of resources for gauge conversions is a luxury which a developing country like ours, with perennial constraint on resources, can ill afford at this stage. Projects of gauge conversions have, therefore, to be critically evaluated to establish the inescapable need for such conversions for meeting the transportation requirements and on the basis of adequate financial and economic considerations.

I am, therefore, directing the Railway Board to evolve a proper policy and to work out a perspective plan for gauge conversion projects.

In the matter of taking up new lines like Karur to Tuticorin and Tirunelveli via Madurai, efforts will need to be made towards finding requisite financial resources.

Being an otpimist I am looking forward to a considerable buoyancy in the national economy resulting in an improvement in the overall resource position which in turn may help the railways secure additional resources for developmental needs as we progress through the Plan. A further review of the allocations will be made at that stage.

Acquisition of one lakh wagons in terms of four-wheelers, 5,680 coaches, 390 electrical multiple units and 780 diesel/electric locomotives, electrification of 2,800 kms of track, opening of about 1,800 more route kilometres of new lines, conversion of 935 kms from metre gauge to broad gauge and doubling of 1,415 kilometres are some of the significant achievements expected from this Plan.

Wheel & axle plant at Yelahanka, near Bangalore, will be completed during this Plan leading to sizable savings in foreign exchange now being spent on the import of wheel sets.

The ring railway commuter service in Delhi would be in operation in mid-1982, synchronising with the Asian Games, 1982 while the metro railway system in Calcutta would have made considerable progress and the first train on Esplanade-Tollygunj section would be running before the Plan period is over. The first phase of modernisation of workshops would also be completed.

Some of the other important on-going schemes which will be completed during this Plan are restoration of Chitauni-Bagaha link and conversion of Barabank-Samastipur, Barauni-Katihar and New Bongaigaon-Gauhati lines into broad gauge.

1981-82 will be the second year of the Sixth Five-Year Plan. The outlay for this year is being enhanced from Rs 762 crores in 1980-81 to Rs 980 crores reflecting an increase of around 29%.

In keeping with the basic objectives of the Sixth Plan, as explained a little while ago, priority will be given to replacement and renewal of assets and expenditure on this account will be stepped up from Rs 231 crores in the current year to Rs 450 crores in 1981-82.

Stress will also be on speeding up the completion of such on-going schemes as would help in clearance of the existing backlog in maintenance and repair facilities to rolling stock and such works as would meet the growing needs of traffic in the core sectors of economy, namely coal, cement etc. A few special features of this year's Plan outlay are accelerated procurement of 18,000 wagons in replacement of overdue stock, a major thrust towards increasing the pace of electrification and retiring of a large number of system locomotives to bring down the consumption of coal by the Railways.

New Constructions

Despite the shortage of essential commodities like cement and steel, progress made on new construction projects has been satisfactory. For the information of the members I would like to give details of some of the important projects, both on-going and planned.

During the current year 126 km of new lines viz. Rohtak-Bhiwani, Shamli-Saharanpur and Jakhapura-Sukhinda have so far been opened. Vasai Road-Diva, Apta-Pen, Tirunelveli-Nagercoil, Bibinagar-Nalgonda, Sukhinda-Daitari, Santragachi-Bargachia and Karaila Road-Kakeri comprising 257 km are also expected to be opened during the current year.

The existing schedule envisages opening of 171 km of new lines in 1981-82 covering Wani-Pimpalkoti, Pen-Roha, Kakeri-Jayant and Bhadrachalam-Manuguru sections. Outlay on the sanctioned work for a B.G. link between Kota to Chittorgah via Bundi is being enhanced.

Construction work on the six new rail links in the north eastern region viz. Gauhati-Barnihat, Dharmanagar-Kumarghat, Balipara-Bhalukpong, Silchar-Jiriban, Amguri-Tuli and Lalaghat-Bhairabi which faced some set-back due to the conditions prevalent in the region is now being speeded up. Work has also started on the Rampur-Haldwani new B.G. rail link and the construction of a new bridge over Gandak River as part of the Chitauni-Bagaha rail link.

Manikgarh-Chandur B.G. rail link will also be speeded up. Provision has been made in the 1981-82 budget for the construction of a new line between Telapur-Patancheru too.

Conversions: Thirteen conversion projects involving 2,800 km. are already on hand. The first phase of the Viramgam-Okha/Porbandar conversion scheme covering 268 km. between Viramgam and Hapa has already been completed and the converted portion opened to traffic in June 1980.

Conversion of 476 km. route between Sonpur and Barabanki is progressing fast and the converted line is scheduled to be opened by the middle of 1981. The parallel B.G. line between New Bongaigaon and Gauhati and conversion from Barauni to Katihar and Guntakal to Bangalore are also expected to be completed during 1981-82.

With the Chitauni-Bagaha restoration link having been given priority, the conversion of Samastipur-Darbhanga will also now be taken up so as to synchronise the completion of both these works. Demand for conversion of Mau to Shahganj and Chupra to broad gauge has also been taken up for consideration.

Other similar conversion projects on hand are Varanasi-Bhatni, Mysore-Bangalore, Guntur-Macherla, Moradabad-Rampur and Manmad-Aurangabad. The conversion of 580 km Gauhati Dibrugarh section to broad gauge has been included in the 1981-82 budget.

Surveys

Thirtyfive surveys for new lines and 13 surveys for gauge conversions are already in hand. These include Jammu to Udhampur, Arrah to Sasaram, Kuttipuram to Trichur via Guruvayoor, Muzaffarpur to Raxaul via Sagauli including Bettiah-Bagaha section, Patancheru to Pedapalli via Sangareddy and Nagal to Talwara.

As mentioned by me earlier, the new lines programme will be severely restricted by the inadequate outlay for the 1980-85 Plan. However, I am confident that as the plan progresses, availability of resources will improve and we would be able to make the necessary adjustments to take up new line construction schemes.

I do not, therefore, propose to impose a moratorium on carrying out of surveys for determining the prospects for new line schemes for the future.

In reaching this decision, I have also kept in view the consideration that it is necessary to have a pipe-line of new projects to be taken up as soon as resources position improves. Accordingly the following surveys have been included in the budget for 1981-82:--

New Lines 1. Nandyal-Yerraguntla; 2. Raichur-Kurnool-Macheria; 3. Tiplong-Itanagar; 4. Rail-cum-Road bridge over Brahmaputra near Dibrugarh: 5. Rail cum-Road bridge over Brahmaputra near Jogigopa: 6. Kumarghat-Agartala; 7. Jagai Road-Badarpur; 8. Muzzafarpur-Sitamarhi; 9. Lalmatia-Kahalgaon; 10. Giridih-Hazaribagh Road Hazaribagh Town-ranch; 11. Deogarh-Dumka via Basukinath; 12. Charnara[nagar-Mettupalayam; 13. Alleppey-Kayankulam; 14. Dhule-Amainer;

15. Kota-Devgarh/Nadaria with a M.G. spur from Lambiya-Beawar: 16. Nathdwara-Bhilwara-Kakri Todaral Singh: 17. Bailara-bar; 18. Aliganj-Dhanapur Afzalgarh-Kalagarh; 19. Mathura-Alwar; 20. Raichur-Krishna-Makhtial-Vikarabad: 21. Dumka-Madhupur; 22. Bhabganj-Sultanpur-Amethi-Garhi Manikpur (Gotni); 23. Nadikude-Gudur/Kalahasti.

Gauge Conversions: 1. Gauhati-Dibrugarh; 2. Katihar-Barsoi-Siliguri-New Jalpaiguri; 3. Raipur-dhamtari-Balod: 4. Dimapur-Chemukdima; 5. Jodhpur-Marwar via Luni; 6. Madras-Tambaram (M.G.) Suburban System: 7. Bareilly-Kathgodam; 8. Ranchi-Lohardaga up to Tori along with a new line from Lohardaga to Tori; 9. Purulia-Kotshhila: 10. Suratgarb-Sarupsar-Anupgarh; 11. Gorakhpur-Chitauni/Valmikinagar.

Electrification

In 1980-81 electrification works on 437 km were completed. These included important sections of Kirandul-Jagdalpur section on the iron ore traffic route from Korandul to Waltair and the main trunk route between Vijayawada to Madras.

The remaining works on the Waltair-Kirandul section are being speeded up and this entire section will be under electric traction by the end of the current year.

The high density sections being taken up for electrification in 1981-82 are Sitarampur-Patna-Mughalsarai, Jhansi-Itarsi, Bhusaval-Nagpur, Vijayawada-Balharshah, Ankonam-Erode, Arkonam-Renigunta-Gudur and Gangapur City-Ratlam.

These will be in addition to the ongoing electrification works on Kirandul-Jagdalpur, Delhi-Jhansi, Vadodra-Ratlam-Godhra-Anand, Mathura-Gangapur City, Trivellore-Arkonam and some colliery lines totalling 1,418 km.

Metro Project: With the enhanced outlay of Rs 27.00 crores in the current year, the progress of work on the ongoing metro railway project in Calcutta got speeded up. Tunnelling operations were commenced in October 1980. On the whole, the work is progressing satisfactorily.

In Bombay, the flyover at Bandra is planned for completion by the end of 1981 and will provide relief to the Bombay commuter who will be able to go directly from Andheri side to Bombay V.T. without changing of trains en-route.

The outlay on metropolitan transport project schemes, which is Rs 33.72 crores in 1980-81 is being further enhanced to Rs 50.00 crores in 1981-82.

Before coming to the revised estimates for 1980-81 and budget estimates for 1981-82 I would like to inform the House about the railways' achievements and action plans in a few more areas.

Wider Horizons

Indian Railways hosted at New Delhi, in December 1980, a meeting of the UIC group of tropical metre gauge railways. Two significant results achieved by India were the unanimous acceptance of the track standards for the metre gauge

prepared by our Research, Designs and Standards Organisation and the commissioning of Indian Railways to prepare the specifications for other track materials and rolling stock.

RY Budget at a Glance (Rupees in crores)

		Actuals 1979-80	Budget Estimates 1971-81	Budget Estimates 1980-81	Budget Estimates 1981-82
(a)	Gross traffic receipts	2,337.84	2,749.59	2,707.22	3,276.75
(b)	Ordinary working expenses	1,878.38	2,111.93	2,164.61	2,464.64
(c)	Appropriation to depreciation reserve fund	200.00	220.00	220.00	350.00
(d)	Appropriation to pension fund	64.00	84.00	84.00	98.50
(e)	Total working expenses (B)+(C)+(D)	2,142.38	2,415.93	2,468.61	2,913.14
(f)	Net traffic receipts (A)-(B)	195.46	333.66	238.61	363.61
(g)	Net miscellaneous receipts	31.83	31.29	33.48	36.19
(h)	Net railway revenue (F)+(G)	227.29	364.95	272.09	399.80
(i)	Dividend to general revenues	**293.53	322.24	**324.43	349.91
(j)	Surplus (+) or shortfall (-) (H)-(I)	-66.24	+42.71	-52.34	+49.89
(k)	Operating ratio* (E) divided by (A)	91.5%	7.8%	91.1%	88.8%
(l)	Percentage of average net revenue before payment of dividend to general revenues on the capital-at-charge	4.1%	6.2%	4.6%	6.3%

Notes: * Ratio of total working expenses to total earning excluding suspense.
**Dividend payment is limited to the available net revenue, and balance representing shortfall is transferred to "deferred dividend liability account" as per recommendations of railway convention committee (1977).

That this is a welcome recognition of the Indian Railways' expertise in the field will be apparent from the fact that hiterhto only the UIC specifications are followed by the railways all the world over.

Indian Railways will be hosting a meeting of the top railway executives of Asia at New Delhi in October 1981 and a seminar for member-countries of the Economic and Social Commission on Asia and the Pacific in October 1982.

Further, Indian Railways will be actively participating, under the aegis of ESCAP, in drawing up and Asian master plan for a trans-Asian railway line connecting Asia with Eruope. [as published]

RITES" Progress: Rail India Technical and Economic Services Limited (RITES) which is one of the public sector undertakings under my Ministry has continued to register growth during the year. Its turnover wi l increase from Rs 8.70 crores in 1979-80 to Rs 10.50 crores in 1980-81. The profit for the current year is expected to be Rs 2.50 crores. For 1979-80, this company declared a 25% dividend.

As the House is aware, RITES' assignment in Nigeria involving contract management of the Nigerian Railway Corporation for a period of three years has won wide acclaim not only in Nigeria but also in the international press.

The targets laid down in the contract for diesel loco availability, growth in revenue receipts, rehabilitation of rolling stock and improvement in the workshop production have not only all been achieved but even surpassed in the first two years of the contract. I would like to record my appreciation of these achievements.

Another major achievement of 1980 is the successful completion of the consultancy contract assigned to it by the Asian Development Bank for providing advisory assistance to Bangladesh Railways in preparing their investment programme for rehabilitation and development of rolling stock.

The other ongoing contracts in Iraq, Philippines, Zaire and Ghana are progressing satisfactorily.

During the current year RITES have secured further foreign contracts.

IRCON Schemes: The other public sector undertaking under the control of my Ministry is the Indian Railway Construction Company Ltd. (IRCON). The volume of business secured by it has increased from Rs 28.75 crores in 1979-80 to Rs 67.63 crores during this year. Against a net profit of Rs 15.46 lakhs during the last year, the profit anticipated for the current-year is Rs 30 lakhs.

Some of the major works being carried out by IRCON are the construction of a supporting railway system for the thermal power projects in Korba, Ramagundam and Singrauli and the merry-go-round system for the thermal power plant at Farakka.

The World Bank team which visited the Korba project has specially commended the timely execution of the transportational facilities work by IRCON.

On the international front, IRCON has secured a Rs 47-lakh contract in Nigeria. IRCON has also been prequalified for major railway projects in Saudi Arabia, Thailand, Malaysia, Libya, Bangladesh and Iraq.

I wish both these organisations a bright future.

The expertise and the technical know-how of the Research, Designs and Standards Organisation, at Lucknow, is being increasingly sought by manufacturers of railway equipment and public sector undertakings.

The noteworthy contributions made by R.D.S.O. in the recent past related to the development of new designs of electric and diesel locomotives, wagons and coaches to meet the growing and special needs of the railways; the latest in the series being the electric locomotive developed for hauling the prestigious Rajdhani Expresses.

Key designs for a 1380 HP diesel electric B.G. branch line loco and diesel hydraulic locos of 700 HP and 400 HP for narrow gauge and 700 HP for metre gauge have been developed for manufacture at Chittaranjan Locomotive Works and Diesel Locomotive Works.

The development of an air-conditioned double-deck coach with end-on-generation is being considered to eliminate the problem of inadequate ventilation experienced in the existing design of double decker coaches.

Another assignment, which will be a landmark in rail transport in this country, is the development of BOX-N wagons which will enable haulage of 4,500 tonne and 7,500 tonne train loads, resulting in considerable savings through a more intensive utilisation of the existing line capacity.

As the scope for research and development is limitless, I am directing the Railway Board to arrange for a perspective plan being drawn up to make this organisation fully geared to come up with innovative suggestions and improve technological inputs to enable the railways to face the challenges in the coming decades.

Reservation Period Reduced

Various steps have been taken in the past for reducing the time taken at the reservation windows and to eradicate the malpractices resulting from the continuing gap between demand and supply.

Since my coming over to the Railway Ministry my mind has been exercised in regard to the steps to be taken to ameliorate the hardships faced by the travelling public. After careful consideration of all the relevant aspects I have decided to reduce the period of advance reservation from the existing six months to one calendar month. Further, there will be no quota in second class for travel agents.

It is proposed to introduce progressively at least one unreserved second class coach on each mail express train, other than Rajdhani Expresses, for the benefit of passengers having to undertake journey at short notice.

I.S.O. Containers: All over the world import and export traffic has started moving in I.S.O. containers in a large measure. At present, in our country

these containers are being stripped and stuffed in the port areas there by depriving the shippers of the benefit of through movement of cargo to inland destinations.

Urgent need is being felt by the trade for inter-modal handling of container traffic for which the Indian Railways are very well suited as an economical mode of transport.

Necessary infrastructure facilities are, therefore, being planned for carriage of I.S.O. containers from ports to the inland container depots to be set up at Bangalore, Tughlakabad, Ahmedabad and Guntur. Depots at Bangalore Cantonment and in Pragati Maidan at New Delhi, to serve as pilot projects for this purpose, have been included in the 1981-82 budget.

New Act Soon: The Indian Railways Act was initially adopted in 1890 and has since then been in force with amendments made from time to time. During these 90 years the national requirements have undergone considerable changes and the enactment of a new Act to suit the present day conditions is long overdue. A review of the existing Act is already under consideration and I hope to present a new bill to the House soon.

There are at present six company-owned private railways operating in different parts of the country. Five of these viz. Katakhal-Lala Bazar and Chaparmukh-Silghat Railways in Assam, Central Provinces Railway in Maharashtra, Ahmadpur-Katwa and Bankura-Damodar River Railways in West Bengal are being worked, under separate agreements, by the Indian Railways while one i.e., Futwah-Islampur Railway in Bihar is being worked by the company itself.

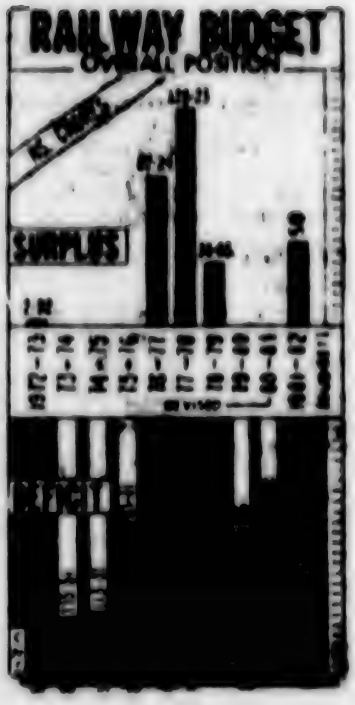
Staff Welfare

There have been persistent demands for nationalisation of these railways. In partial satisfaction of this demand, it has been decided to nationalise the Katakhal-Lala Bazar Light Railway and Chaparmukh-Silghat Railway. A bill to give effect to this decision will be brought before this House in due course.

Indian Railways employ nearly 17 lakh employees who work round the clock at more than 7,000 locations scattered all over the country. Many of these work places are in isolated situations lacking even in basic amenities of life. There is no doubt that, as a model employer, Indian Railways have in the past done commendable work in looking after the welfare of these employees.

However, with a view to motivating them towards a more complete involvement in the railway working, pride in the job and a feeling of comradeship much can still be done. I will now mention some of the aspects which I propose to tackle.

Housing: At the end of 1979-80, total number of quarters available was 5.64 lakhs providing accommodation to only 38 per cent of the working strength. I am aware that by any standards this is not sufficient. During the current year 6,611 quarters are planned to be constructed. I would have very much liked to step up the provision of funds for this purpose but due to the severe constraint on resources it has not been possible to do so.



However, to encourage the employees to construct their own houses I am directing the Railway Board to take steps to encourage formation of cooperative Housing societies in a big way and to extend all assistance to such societies in getting loans from various organisations and technical supervision during construction. State Governments will also be addressed to provide land at concessional rate to such societies.

Improvements to old type quarters, through provision of better ventilation, electrification, latrines and kitchens will also receive special attention.

Medical College

During the current year, 105 additional beds are being provided in the various hospitals bringing the total to 10,986. Modernisation of the orthopaedic unit of Eastern Railway's Hospital at Calcutta, open heart surgery unit in the Perambur Hospital at Madras and the Gauhati Hospital is under way.

New works sanctioned for next year are a 50-bed hospital for the Integral Coach Factory at Perambur and polyclinics at Bangalore and Lucknow. Steps are also being taken to make good the deficiency in medical personnel, at present existing in the various hospitals and health units.

The efficient functioning of the railway hospitals has in the past suffered from a shortage of doctors. The wards of railway employees have also been finding difficulty in getting admission to the medical colleges. I have, therefore, asked the Railway Board to develop a scheme for opening a medical college to be run by railways themselves.

As a staff welfare measure, railways provide educational facilities at stations where the facilities provided by the State Governments are either inadequate or non-existent. In pursuance of this policy, railways are running four colleges, 74 high schools including seven central schools, 28 middle schools and 649 primary schools.

From July 1981 two central schools at Samastipur and Chakradharpur are expected to be functioning. Steps have also been taken for opening a central school at Adra as soon as possible.

During their tours, Honourable Members would have observed that a large number of employees wear uniforms which are supplied to them by railway administration. However, on various counts this has been a source of irritation. Further, with all round socioeconomic changes the existing styles and the material used have ceased to be popular with the employees.

Based on a recent review, standards in regard to the scales and type of uniforms will now undergo a change. Special steps are also being taken to arrange timely supply of properly fitting uniforms according to individual sizes.

In the field of sports and athletics the railways' performance has been commendable. During 1979-80, the railways won national titles in ball badminton (intermediate group), hockey, volleyball, weightlifting, both senior and junior and water polo. They finished runners-up in swimming and bridge.

New Incentive for Sportsmen

Sports activities are gradually becoming popular among the women employees and family members of railway employees. The railway women's teams became national champions in badminton and cross country and runners up in kabaddi and volleyball.

Railway men and women also continued to distinguish themselves in the international arena. During the year 1979-80, as many as 69 railway employees--42 men and 27 women--were included in the national teams which participated in various international competitions. Last month three players, including two women, have been awarded the prestigious Arjuna Award. One of them has also been awarded Padma Shri.

In order to boost the morale of, and to provide incentives to, the railwaymen for taking part in extra-curricular activities it has now been decided that the period spent by the employees in training and in actual participation in national championships will be treated as duty.

It has also been decided that the period of participation in cultural activities at the zonal and national railway levels will be treated as special casual leave and that for the journeys special complimentary passes would be issued.

As at the end of March 1980, the number of Scheduled Castes/Scheduled Tribes in regular service totalled 3.23 lakhs representing 21% of the total number of railway employees; the increase in intake during the year being nearly 7,000. Some shortfall still remains.

However, with the recent judgment of the Supreme Court upholding the orders relating to reservations, further steps will be taken to make good this shortage.

To develop employment opportunities for the physically handicapped, a trial has recently been made on Southern Railway by engaging physically handicapped girls in the catering stalls and cafeteria at Madras Central and Bangalore City stations. This has been received well and all railways have been instructed to adopt similar measures.

New managerial cadre: Keeping a work force of 17 lakh employees, scattered over the length and breadth of our vast country, happy is no longer a simple matter, especially when the aspirations of individuals are high and there is increased awareness about due recognition of human dignity.

With the all-round development of the railways, particularly increasing reliance on modern and highly sophisticated equipment, the proportion of educated and technically qualified personnel is increasing. It is, therefore, necessary to build up a separate cadre of personnel managers.

A start has been made in this direction and the first group of young personnel officers, recruited through the All-India Civil Services examination held in 1980, will soon start their comprehensive training in personnel management and industrial relations.

In a few years an adequately trained and experienced cadre of expert managers will be playing its due role in personnel management and industrial relations.

High-power panel: The challenges facing the railways in the coming decades, when they would be called upon to handle two and a half to three times the traffic they are now handling are multifold necessitating considerable improvements in the financial, organisational and administrative areas. All these aspects need to be studied in depth to evolve acceptable solutions.

Financial resources of a massive order would be needed for investments in new lines and strengthening upgrading and modernising the existing facilities and for creating additional facilities. It, therefore, becomes necessary to examine whether resources of the requisite magnitude can be raised through the existing arrangements or whether some alternative methods could be adopted.

For achieving the capacity for handling the quantum jump in the traffic expected it would be necessary to upgrade and refine the planning and monitoring processes, rationalise and modernise the handling and hauling operations, continuously enlarge the technological inputs and ensure safe, speedy and smooth running of trains. On the administrative side it may be necessary to reorganise and strengthen the railway zones and divisions.

I intend setting up a high-power committee of experts to examine and report on these and allied important aspects of railway working. The composition and terms of reference of that committee will be announced soon.

Tourism Directorate: On account of various constraints regarding availability of adequate number of appropriate coaches and other facilities, railways have not been able to do much in the area of tourism development.

Apart from providing Indrail passes nothing much has been done to develop tourist traffic, which has very good potential for foreign exchange earnings. A tourist would naturally like to travel in comfort and according to a pre-scheduled programme.

I am convinced that it has now become necessary to set up a machinery to deal with all matters connected with foreign and internal tourism and to evolve, in liaison with the India Tourism Development Corporation and other allied agencies, measures for development of tourism in which the railways should assume a significant role. I have, therefore, decided to organise, as a first step, a separate directorate of Tourism in the Ministry of Railways.

Revised Estimates

Hon'ble Members will recollect that in June 1980, while presenting the railway budget for the current year, it was indicated that the earlier anticipations in regard to reduction in the quantum of irrational rail movements and the cessation of the agitation in the Northeast area were not materialising.

However, hoping that with good monsoons and the increase in the availability of hydel power there would be a revival in the nation's economy, the interim budget target of 214.5 million tonnes of originating revenue earning traffic was retained. Subsequent events proved this to be unattainable. I have already mentioned the reasons for the sluggishness in railway performance and the dynamic and imaginative steps taken during the last three months. On

On present reckoning, the originating revenue earning traffic is expected to be about 195 million tonnes during the year. Though this will be short of the budgetary target by 19.5 million tonnes, it will be two million tonnes more than in 1979-80. Owing to a favourable traffic-mix and a slight increase in the average leads the financial effect of this shortfall would be only Rs 30.12 crores.

The budget estimates of earnings from passenger traffic had anticipated a six per cent increase in passenger traffic over that in the previous year. Performance up to the end of November 1980, however, shows that the total number of originating passengers increased only by 2.1%.

The shortfall is mainly on account of cancellation of a large number of passenger trains in the beginning of the year, widespread occurrence of drought conditions and a somewhat slow revival of industrial activities. Consequently, the passenger earnings in the current year are also anticipated to fall short of the budgetary target by Rs 34.25 crores.

The earnings from other coaching and sundries have, on the other hand, shown a buoyancy. After taking these factors into account, the revised estimate of gross traffic receipts has been placed on Rs 2707.22 crores reflecting a shortfall of Rs 42.37 crores.

The budget estimate of ordinary working expenses was for Rs 2111.93 crores. Even after allowing for the decrease in expenditure consequent on the scaling down of the loading target for goods traffic from 214.5 to 195 million tonnes, for meeting the liabilities arising from post-budgetary factors, an amount of Rs 91.07 crores would be required.

However, the stringent financial control exercised during the year has happily resulted in a reduction of the impact of these additional liabilities limiting the additional requirements to Rs 52.68 crores. The revised estimate of ordinary working expenses is thus Rs 2164.61 crores.

The appropriations to the depreciation reserve and pension funds are being retained at the budget level i.e. Rs 220 crores and Rs 80 crores respectively. After a minor adjustment under miscellaneous expenditure the net revenue earned will be Rs 272.09 crores. The liability for payment of dividends to general revenues is, however, Rs 328.43 crores which cannot, therefore, be met in full.

Against the budgeted surplus of Rs 42.71 crores there will be a deficit of Rs 52.34 crores. The deferred dividend liability [illegible] will consequently increase from Rs 181.42 crores as on 31.3.1980 to Rs 233.76 crores.

[illegible] the expenditure on works financed from development fund and the payment of interest on the loans taken for development fund, a further loan of Rs 34.66 crores will be obtained from general revenues. At the close of the year the total loans taken for development fund will amount to Rs 224.17 crores.

I now come to the budget estimates for the year 1981-82.

As compared with the scaled down target of 195 million tonnes for 1980-81 and taking into account the improvement in operations since November 1980, a target of 215 million tonnes of originating revenue earning traffic is being fixed for 1981-82. The

budget estimates for 1981-82 also assume a growth of three per cent in non-suburban passenger traffic and six per cent in suburban traffic.

As against the revised estimate of Rs. 2707.22 crores for 1980-81, the gross traffic receipts for 1981-82 on the basis of current fare and freight rates have been placed at Rs. 29.21.49 crores.

The gross traffic receipts in 1981-82 will thus increase by Rs. 213.27 crores out of which Rs. 27.60 crores will be from passenger traffic and Rs. 182.39 crores from goods traffic.

I have earlier brought out the need for increased expenditure on replacements and renewals of assets which have been in heavy arrears. In order to meet this requirement, the appropriation to depreciation reserve fund is being stepped up from Rs. 220 crores in 1980-81 to Rs. 350 crores in 1981-82 i.e., by Rs. 130 crores.

With the increase in the number of pensionable employees and the progressive liberalisation in the quantum of benefits, the pensionary liability is going up. The appropriation to the pension fund is, therefore, being raised by Rs. 14.50 crores from Rs. 84 crores in 1980-81 to Rs. 98.50 crores in 1981-82.

With the increasing level of investments the amount of dividend payable to general revenues in 1981-82 is also anticipated to go up by Rs. 25.48 crores.

Further, an improved provision of Rs. 300.03 crores is to be made for increased wage bill, escalation in fuel prices, more consumption of materials, increase in the prices of material, and stepped up output of railway workshops.

As compared to 1980-81 revised estimates, the expenditure including appropriations to depreciation reserve fund and pension fund and payment of dividend to general revenues is thus anticipated to increase by Rs. 467.30 crores.

The total expenditure, including appropriations for 1981-82 is estimated at Rs. 3174.95 crores against gross traffic receipts of Rs. 2921.49 crores. The net revenue will thus be only Rs. 43.54 crores which will not be sufficient to discharge the anticipated dividend liability of Rs. 109.91 crores. The overall budgetary gap will, therefore, be Rs. 306.17 crores, besides Rs. 38.67 crores required for meeting expenditure chargeable to the development fund.

As the House is aware, a Rail Tariff Enquiry Committee was set up in September 1977. After duly receiving reports, mainly covering suburban and upcountry season ticket fares, they submitted their main report in April 1980. This was followed by their final report in mid June 1980. The recommendations made in the two reports total 104.

I would like to especially thank the chairman, Dr. B. K. Paranjape and the other two members of the committee for their great labour in completing their assignment and making valuable recommendations. In view of the many and the large number of issues of working covered by the committee's recommendations, it has not yet been possible to process to finality all the recommendations.

Further, the recommendations being of an integrated nature it is not possible to pick out of a few for partial implementation in the meantime. As mentioned earlier, while upon the costs of various inputs are going up.

As such, by covering the budgetary gap I have had to take recourse to the method of levying, as an ad hoc measure, supplementary charges on a percentage basis. These supplementary charges will get subsumed in the revised fare and freight structure to be presented on the basis of RTEC's recommendations.

I may, however, mention here to [illegible] that even with the levy of these supplementary charges the fare and freight charges would be lower than those recommended by the Rail Tariff Enquiry Committee.

I shall now explain my proposals for additional resource mobilisation to cover the budgetary gap.

Suburban Traffic: As the honourable Members will recall, Phase I of Rail Tariff Enquiry Committee's recommendations, made in its interim report received on November 1978 in regard to the rationalisation of the season ticket fares, has so far been implemented only partially in view of the resistance in the midst of inputs and the need for improvement in the quantum and quality of inputs to the commuters. Further increase in the monthly season ticket fares, as also indicated by the committee in their main report, is necessary. However, pending final decisions on RTEC's recommendations, I am not, at this stage, proposing any change in the existing rates of monthly season tickets for suburban traffic.

I find that while the workers in factory and other places are enjoying a 50% concession on normal monthly season ticket fares, the concession at present available to the students of Calcutta is only 33-1/3%. I see no justification for this disparity. The students of Calcutta will also now be eligible, with effect from April 1, 1981, to a 50% concession.

Now Madam I propose to levy, over the existing fare rates, a surcharge of 15% for air-conditioned first class, 12.5% for first class and 10% for air-conditioned chair car.

Similarly, a surcharge of 10% will also be levied for second class, both mail/express and ordinary. However, journeys upto 150 kilometres in second class ordinary will be exempt from this surcharge.

For air-conditioned 2-tier sleeper class the basic levy will be the same as for first class mail/express, but consider-

ing the quality of service and facilities available to the class, there will also be a supplementary charge per ticket at the rate of Rs. 15 for distances up to 1,000 kilometres and Rs. 25 for the longer journeys.

Taking into account the present-day costs of providing special services asked for by individual passengers, the scale of reservation fee for different classes, sleeper charges, supplementary charges and cleaning charges have been revised upwards after being rationalised.

Freight Traffic

I also propose to levy on all freight traffic a flat 15% surcharge over the existing rates, except on (i) coal for domestic use (ii) kerosene and (iii) charcoal.

To help in the proper development of the area and keeping in view the economic welfare of the people in the Northeastern region, who have to bear high transportation charges even by essential commodities of daily use, I have decided to give a six per cent concession to freight on all goods traffic booked via Howrah over rail routes serving the States of Assam, Meghalaya, Tripura, Manipur, Mizoram, Nagaland and Arunachal Pradesh.

There will also be a flat 10% surcharge over the existing rates for all luggage and parcel traffic.

A memorandum, explaining these proposals in detail, is circulated alongwith the budget papers. The above proposals will come into force from April 1, 1981.

Financial Results It is estimated that the levy of these surcharges and increases in other items on the basis of the above proposals will yield an additional Rs. 70.04 crores from passenger traffic, Rs. 276.08 crores from freight traffic and Rs. 10.14 crores from luggage and parcels i.e. a total of Rs. 356.26 crores. The dividend liability of Rs. 349.91 crores will thus be fully met.

Further, after appropriating Rs. 38.47 crores to meet expenditure chargeable to development fund, there will be a net surplus of Rs. 11.62 crores which will be utilised for partial liquidation of the deferred dividend liability.

The recommendations of the previous Railway Convention Committee on rates of dividend and other ancillary matters covered a period of only 2 years i.e. 1978-79 and 1979-80. That committee had also not taken effect with the dissolution of the Sixth Lok Sabha. The new committee is now in session.

Honestly, pending receipt of their recommendations, the above projections of budget estimates for 1981-82 have been made on the basis of the existing arrangements but with a stepping up of contributions to the depreciation reserve fund and pension fund.

The relations with the railwaymen continued to be cordial throughout the year. The permanent negotiating machinery functioned usefully. I am greatly concerned about the personal violence against the low ranking and innocent victims staff and other staff like travelling ticket examiners performing duties on running trains. It is, however, gratifying to note that despite such occurrences the staff have continued to perform their assigned duties.

I am also appreciative of the recent response by Railwaymen, at all levels, to my appeal for improved performance. This speaks highly of their unflagging devotion. I have no doubt that the same spirit and enthusiasm displayed in the last three months will continue to guide the railwaymen during the critical period ahead.

I look forward to an era of prosperity and modernisation for the system and the well-being of the railwaymen and their families. I am sure that continued appreciation and goodwill of everyone will provide a stimulus to the railwaymen to successfully meet the challenges of the Sixth Five-Year Plan.

Before concluding, I express my sincere thanks, Sir, to you and the House for the patient hearing given to me.

CSO: 4220

RAILWAYS BOARD CHAIRMAN BRIEFS PRESS ON BUDGET

Madras THE HINDU in English 20 Feb 81 p 9

[Text] New Delhi, Feb 19. Mr M. S. Gujral, Chairman, Railway Board, briefing newsmen on the 1981-82 railway budget today, said there would not be any increase in prices on account of the rise in passenger fares, while the freight rates increase would have only a "marginal impact."

Since the suburban fares had not been increased, there should not be a price rise, he contended.

The Chairman said the Railway Minister had every justification for raising the fares and freights to double the rates now proposed, on the basis of the recommendations of the Rail Traffic Enquiry Committee, but the increases had been kept low.

Mr Gujral's confidence that the railway budget would not lead to a price push is, however, not shared by the Federation of Indian Chambers of Commerce and Industry. Its vice-president, Mr Arvind N. Lalabhai, in a statement, said the additional burden of Rs 356 crores thrown on the rail users by way of steep increases in freight rates and passenger fares for the third year in succession would aggravate the price situation and fan the inflationary forces.

While the 1980-81 budget had exempted several other commodities like sugar, foodgrains, pulses, kerosene, edible and hydrogenated oils and fertilizers, the present budget listed only three exemptions.

Terming the budget as a "realistic one," Mr Gujral said the resources being raised were intended to enable the railways to go in for a big rehabilitation programme during the Sixth Plan. If its assets, which were now in a dilapidated condition, were not rehabilitated, there would be nothing left for the future generation.

Mr Gujral claimed improvement in the performance of the railways during 1980-81, and instanced, among other things, the decline in the wagon turnround from 16.6 days in June, 1980, to 13 days now for broad gauge wagons, and from 17.3 to 13.8 days during the same period for metre gauge wagons.

Limitations

Mr Gujral said there was very little scope for "juggling" with the operational expenses of the railways as 60 per cent of its earnings was accounted for by wages and 23 per cent by its fuel bill whose size depended on the international oil prices. So far as staff salaries were concerned, the railways had serious limitations on account of its liability to meet the hikes in dearness allowance.

Among the burdens imposed on the railways was the increase in the "lead run" of the rolling stock on account of drought conditions last year which forced the railways to transport foodgrains over long distances.

The other disrupting factor was the Assam agitation which made the railways transport petroleum products over longer distances on account of

the closure of the Assam refineries. The inability of Calcutta port to move fertilisers also made the railways transport fertilisers from Kandla port to Lucknow and other places. From the railway's point of view these were "irrational movements".

Lacks Innovations

Mr. Madhu Dandavate, former Railway Minister and leader of the Janata Party in Parliament, said the budget lacked innovations and imagination.

It had produced a paltry surplus of Rs. 11 crores even after an increase in freight and fares.

Dr. Subramaniam Swamy, MP, Janata Party General Secretary said the budget was disappointing to the citizens of Bombay using the suburban services, as it did not provide for improvements to the suburban system.

Mr. George Fernandes, Deputy Leader of the Lok Dal Parliamentary Party, said the budget was one more "attack" on the common people and would contribute in a big way to further all-round increase in prices.

The budget speech had been used to attack the previous Railway Minister, Mr. Kamalapati Tripathi, and "this is most unfair and needed to be roundly condemned".

Mr. Ram Vilas Paswan, Lok Dal M.P.: the people have been asked to pay for the inefficiency of the railway administration.

Mr. Chitta Basu, Forward Bloc M.P.: The Minister's speech does not indicate any positive measures for the improvement of industrial relations in the railways. On the contrary, it contains a veiled threat to railwaymen.

Anti-People

Mr. R. P. Yadav (Cong-U): The budget is an "anti-people". The Government has not shown any consideration for the poor man.

Mr. Bhogendra Jha (CPI): It is a clear attempt to make the passengers pay for those who travelled free to participate in the Boat rally in the Capital on February 16.

'Will Accentuate Inflation'

MADRAS, Feb. 19.

The 15 per cent rise in railway freight has come in for adverse comments from the industrial and trade circles here.

The hike, which makes no exception of foodgrains, will push up the already-high transport cost of essential commodities and inputs, and thereby fuel the inflationary pressures, they contend.

The Minister should have considered measures like economy in administration and better utilisation of wagons to bridge the budgetary gap before increasing the fares or freight, they argue.

Equally sore are the travelling public who feel that train travel has become risky, and the increase in second class fares is in proportion to the accident rate. Commuters draw some comfort in that their pockets have not been touched this time, as the season ticket rates are unaffected.

Mr. A. C. Muthiah, President, Southern India Chamber of Commerce and Industry, said the 15 per cent freight increase to set Rs. 276 crores would definitely push up the costs of articles of daily use.

Mr. Balwant Rai, President, Hindustan Chamber of Commerce felt that the Railway Minister should have economised on the administration before placing heavy burdens on the people.

Mr. P. Bhoja Shetty, President, Andhra Chamber of Commerce, said the freight increase would affect the export promotion efforts. The railways should generate more resources through efficient use of rolling stock and transhipment points instead of relying on annual increases in fares and freight.

Mr. R. N. Bhushan, Honorary Secretary, Madras Provincial Foodgrains Merchants Association, said the budget would accentuate inflation.

Mr. R. R. Dalvel, President, Janata Class Railway Passengers Association, said the 10 per cent surcharge on second class fare, on par with the higher classes was irrational and unfair. The steep increase in freight rates would divert trade to lorry transport.

Mr. A. B. Anandakrishnan, President, Tamil Chamber of Commerce, said more passenger amenities had not been provided to justify the hikes.

Mr. T. Abdul Wahid Sahib, President, National Chamber of Commerce, said the freight increase would push up the wholesale and retail price structure.

CSO: 4220

CONVENTION REQUESTS INDUSTRY STATUS FOR MINING

Madras THE HINDU in English 20 Feb 81 p 16

[Text] New Delhi, Feb. 19--The three-day national mineral convention has requested the Government to grant "industry" status to the mining industry and give all incentives to promote its growth.

The convention, attended by more than 400 delegates from India and abroad, discussed a national policy for the industry and examined various measures to ensure the desired pace of development in the mineral resources sector.

For this it was felt necessary that capable mining agencies should be given equal opportunities in the development activity pursuant to the industrial policy statement of July 1980.

The convention recommended that a mineral finance corporation on the lines of the Industrial Finance Corporation be set up to meet the needs of the mineral industry.

Mining areas in the undeveloped regions must be given due attention for developing infrastructure facilities such as roads, power and rail links. This was necessary to achieve the desired level of development in these backward regions.

The convention also suggested establishing a National Resources Board to make a continuous audit of the resources position taking into account the existing technologies and anticipated needs of the nation.

A number of other resolutions passed at the convention, which was inaugurated on Monday by the Minister of Steel and Mines, Mr Pranab Mukerjee, related to establishing ecological balances in mining regions, manpower planning, upgradation of research and development effort.

The conference also proposed to the Government that in view of the reemergence of balance of payment difficulties, the export of traditional minerals might be allowed to play a larger role in augmenting the foreign exchange earnings by adopting an aggressive sales policy.--UNI

CSO: 4220

OIL MINISTER CONFERS WITH OAPEC REPRESENTATIVE

Calcutta THE STATESMAN in English 19 Feb 81 p 1

[Text] New Delhi, Feb. 18--The leader of the visiting delegation of the Organization of Arab Petroleum Exporting Countries, Mr Ali Attiga, told the Minister for Petroleum, Chemicals and Fertilizer that the Third World countries had to get together to resolve the energy problems.

Mr Attiga, who is heading a six-member delegation arrived here this morning on a six-day visit to India to acquaint OAPEC with India's energy problems. At the meeting with Mr Sethi in the afternoon, Mr Attiga said that OAPEC had set up an engineering company which could be interested in joint projects. The Arab oil exporting countries had also established a petroleum investment company and a petroleum service company engaged in oil drilling which could go beyond the borders of member countries.

He said his delegation would try and identify opportunities of cooperation between India and members of OAPEC.

Mr Sethi impressed on the Arab delegation India's anxiety to find oil quickly because of spiralling prices which affected the country's economy. It was for this reason, the delegation was told, that India had invited foreign parties to collaborate in oil exploration and development of oil in selected on-shore and off-shore blocks.

Mr Sethi also took the opportunity to plead with the delegation that members of OAPEC who were also members of the Organization of Petroleum E porting Countries, could help persuade the latter to classify India suitably so that it could receive such benefits as long-term interest-free credit proposed to be extended to certain developing countries.

According to a tentative proposal, which is likely to be considered at the OPEC meeting in May or June, countries would be classified on the basis of their consumption of oil and those with lesser consumption, say less than 100,000 barrels a day, would be eligible for favourable treatment. Though India does not figure, according to this proposal, in the top category of major importers who would be treated on a strictly commercial level she would be in the middle category with comparatively less sympathetic treatment.

India has lately been pleading, through special envoys despatched in the last few months to several countries in the Third World, that for purposes of classification the per capita consumption rather than the total imports should be taken into account.

Mr Sethi reinforced the argument with Mr Attiga and his colleagues during his talks this morning. The Minister said that while India imported at the average rate of 300,000 barrels a day the consumption per head per year was only 0.2 barrels, among the lowest in the world.

Earlier, Mr Sethi told the delegation that India had developed great capability in the field of oil exploration, drilling, refining and marketing of oil as also in setting up refineries and petro-chemical complexes.

UNI adds: The energy situation in India, particularly in the field of power and coal was discussed at a meeting by the Energy Minister, Mr A.B.A. Ghani Khan Choudhury, and Mr Attiga here today. The two leaders also discussed the technological capabilities achieved by the country in the power and coal sectors.

Mr Khan Choudhury told the visiting dignitary that India proposed to add 20,000 MW in the next five years to its existing power generating capacity of 31,000 MW. Another 30,000 MW additional capacity was envisaged in the Seventh Plan (1985-90).

Coal production was proposed to be increased from 104 million tons last year to 165 million tons in the next five years. The Minister said the country was fully equipped with the technical manpower and technological expertise in both power and coal sectors.

CSO: 4220

INTRUSION OF MILITARY INTO DEVELOPMENT DECRIED

Jakarta PRISMA in Indonesian Dec 80 pp 55-63

[Article by Dorodjatun Kuntjoro-Jakti: "Civilian-Military Relations, Political and Defense Systems in the Third World: A Way Out or a Fundamental Problem?"]

[Text] Japan is often taken as a model by Asian countries that want to modernize. Dorojatun Kuntjoro-Jakti claims this decision could be misleading, as people have been to ready to judge the success of the "Meiji Revolution" to be due to the drive of the military class for the industrialization and modernization of Japan. During that period there were no clear distinctions in Japan between the military and civilian classes. On the other hand, modern capabilities to destroy the world totally have forced the Third World to seek not only prosperity but also survival, and this means granting a role to the military clique.

An historical experience which left an imprint on the memories of a number of Third World countries is confrontation with Western military forces on the battlefield--initially, when these nations extended their sway through the imperialistic policies of the 18th and 19th centuries and, more recently in the period after World War II in the resurgent nationalism of the Third World countries when they attempted to free themselves from the bonds of colonial domination. It was proved unfortunately that the traditional forces were repeatedly defeated by the modern forces, always with heavy casualties. These conflicts clearly and strongly demonstrated that it is inappropriate to place the cause of defeat solely on the differences in weapons technology. It should also be placed on the organizational systems employed by the respective sides, on the different ways strategy and tactics are viewed both in warfare and in diplomacy, and--something which never fails to be impressive--on the invulnerability of the West's logistic system. The struggle between the two sides continued for a long time before the Third World countries became aware that the invulnerability and audacity of the aggressor were based on industries which were diligently, and over a long period of time, built into a large-scale consolidated system, something which ultimately developed into a new life style--even a new cultural pattern. The severe confrontation with these opponents and this awareness forced us to admit openly or to ourselves that (1) the modern, in many respects was stronger and made its presence felt compared to the traditional; and (2) industrialization, or more accurately, modernization was the way out for the Third World.

Meiji Revolution: Asia's First Successful Response

One by one the kingdoms of Asia were intimidated and conquered by those coming from the West. At the beginning of the 19th century, the concurrent emergence of the United States as a Western power in the Pacific region and the entrance of modern Russia onto the North Asian mainland in a more effective form and manner than earlier, shifted the focus of Western expansion to the North China-Manchuria-Korea-Japan region. At that time the Manchu government in China, practically in disarray, was forced to grant concessions to some Western nations and to open up mainland China to the trade of Western industries. The pervasive chaos in China was demoralizing and turned the oldest and largest kingdom in Asia into a caricature of everything that was wrong with the traditional pattern of facing up to the challenges of modern Western nations. The power of the Chinese central government was weakened through "smuggling trade" arrangements (also known as corruption) between the kingdom's bureaucrats and Western entrepreneurs and traders. The result was that the economic resources of the kingdom dried up while the Chinese people were neglected and became objects to be sucked dry by the newcomers. Apparently it was only the size of China that prevented the Western nations from colonizing it.[1]

This situation did not escape the attention of the Japanese who, since ancient times, had had trade, cultural, religious, and political relations with China. Japan was an Asian country that copied the Chinese model to a great extent at that time. The Japanese governmental system was similar to that of China in that it was a feudalistic system based on agriculture. It was supported by political allegiances as evidenced by tribute and the provision of troops who were sent to the center of power as well as by marriage ties that bound the prominent families at the center and those in the outlying regions. Under this system there were few in the government apparatus who were really submissive to the central government, and most important, there was no national armed force. The army of the kingdom was little more than a small body of troops that guarded the central government and whose power weakened the farther it went from the center. In the provinces the center's army had to cooperate with the armies of the local authorities. The primary allegiance of these armies lay with the local government and not with the center. The central government was able to hold out only if it was strong and powerful enough to be a "balancing factor" among the rivaling local authorities or if it diligently manipulated the rivalry for its own political gains.[2]

The Shogun government was able to keep the Japanese islands from being subjugated by the Western nations through its "closed door policy" for almost 200 years after the Western nations set foot on the Asian continent. Except for a few small trading areas, all of Japan was declared closed to foreigners and Japanese were not allowed to go overseas without permission. During this time Japan was in an acute feudalistic incubation period which strengthened the position of the Japanese samurai, or warrior, caste that held absolute power in Japan in the name of the emperor, who was its symbol.[3]

Western economic activity and trade expanded at the end of the 19th century bringing more trading ships, whalers, and ships of the Western navies into Japanese and surrounding waters. Willy-nilly there were various encounters between Japanese

and Western seamen through piracy, ships washed ashore, ships in need of repair, and so on. Other encounters resulted from intimidation--through attempts by various Western nations to obtain concessions from Japan similar to those obtained from the Manchu government on the China mainland.

At this time, when incidents of armed conflict were growing between Japanese ships and the forts along the coast of Japan and Western ships, the Japanese saw what other Asian peoples had seen repeatedly earlier, that is, how far behind they were in regard to weapons technology and organization of their troops. All "men behind the gun," both officers and soldiers, were involved in this experience. As in China, these factors created a wave of dissatisfaction with, and lack of confidence in, the Japanese government in power. These feelings were heightened when, under the threat of war, the Japanese were forced to grant concessions to the West. The subordinate samuri who thought changes were necessary because of their experiences in the recent battles became the source of anti-Western resolve. At the same time a number of local authorities, those with advanced ideas, attempted to overthrow the samurai regime (the Shogun government) and to return the Japanese emperor to power to form a government more capable of responding to the Western challenge. This was a successful undertaking and later opened the door to the modernization of Japan.

The suppression of the samurai feudalistic power gave rise to Japanese nationalism. The increasingly open challenge of the West also gave support to those Japanese who wanted to take drastic measures in regard to their culture. Among other things, they wanted to open Japan to various simultaneous attempts at reform in the government, the economy, the military system, and the educational sectors by sending young Japanese out to learn from the West and to use Western expertise to advantage in Japan. The Meiji imperial regime did all this and at the same time put an end to the militaristic feudal system. It moved toward building a national military and civil apparatus at the center.[4]

The successful elimination of feudalism made it possible for the Japanese to build up their country with admirable speed. Why? This change allowed the lower classes to participate in a drive for national development without being concerned over ancestry, nationality, or regionalism. Demonstrated performance and professionalism were sufficient to carry individuals along toward the highest positions and social status during the development process. A type of democratization was underway bringing reforms in a number of sectors of the common people's and the country's existence.

Japan's capability to "copy" the West was clearly proved when, at the opening of the 20th century, it defeated Russia in both land and sea battles using systems borrowed from France, Germany, and Britain. Given nationalism based on solid capabilities in the economic and military sectors, that is to say, a strong industrial base, Japan showed the Third World--particularly Asia at that time--that the West could only be defeated with Western means. It also demonstrated how Western science and technology could be adopted with little destruction of traditional life styles.

Wrong Conclusion

The striking success of the alternative taken by the Meiji regime--that is, an Asian success concurrent with a collapse of traditional life in other parts of Asia in meeting the Western challenge--rapidly made a deep impression on Asian peoples. It turned out to be a heaven-sent inspiration, moreover, a symbol for the "resurgence" of modern Asian nationalism. Beside the British, French, or German--all Western imperialist--alternatives, Asia now had an Asian model. Contemporary observations, somewhat colored by the military rivalry and conflicts of the industrialized nations linked the success of the Japanese model closely to its military gains. This was clearly demonstrated by Japanese cooperation with Western nations in forcing concessions from the increasingly chaotic Chinese government and in the Japanese aggression toward, and expansion into, Korea and Formosa (now Taiwan). Gradually emerging from the successful Japanese experience was historical proof that success was possible for a political system that combined strong government with military participation, that systematically pursued a program of industrialization and modernization, and that eliminated the obstacles of traditionalism by using nationalism as its battering ram.

Few Asian national leaders of that time understood that what happened in the 19th century in the Meiji Revolution was the culmination of a long historic process--a process taking more than 200 years--which moved along almost uninterruptedly because the West turned toward Japan only in the latter part of the 19th century. The Japanese experience was seen as a heroic way out because it was viewed out of proportion and because it was lead by a nationalistic elite, most of whose members came from samurai circles. And most important, those who did not understand, or understood only a little of, Japanese social structure and history readily equated the samurai with the modern military organization. The result; the success of the Meiji Revolution was readily seen as the success of a military clique in industrializing and modernizing an Asian nation.

If Asian national leaders of that time had known the tragic story of the samurai Saigo Takamori, the caricature sketched above would certainly have been dispelled. This popular Japanese tale proved that the Meiji regime was a long-lived, traditional, imperial regime that cleverly used the support of its subordinate samurai to end the domination of a military caste weakened by its corrupt and irrational feudalism. Saigo Takamori, a general in the first generation of the Balatentari [army] kingdom, was killed in a battle with armed forces which he himself had helped to build up. He came from the noble samurai class which effected the restoration to power of the emperor in an incident of important historical significance. General Saigo Takamori apparently could not accept the decision of the Meiji regime to modernize the Japanese armed forces by systematically centralizing them at the national level and thus destroying Japan's regionally based samurai social structure. Emperor Meiji, who took the long view, apparently was not prepared to give the old feudalistic elements an opportunity to infiltrate the government structure and undermine the modern Japanese society which was his ideal. He wanted a national army founded on a full mobilization system and maintained by troops recruited from the public at large--not solely from the samurai class.[5]

If Asian national leaders of that time had been well versed in Japanese history, they certainly would have encountered a strang symptom, that is, there was no clear

distinction between military men and civilians in the Japanese political system. Japanese militarism derived not least from the strivings of civilian politicians whose nationalistic feelings were so strong that they permitted the use of military power for aggression abroad and for the destruction of domestic political opposition. (In the latter case, this was done with the excuse that the opposition aimed at destroying the national interest or was "anti-Japan" and, moreover, "anti-emperor.") Japanese history offers considerable evidence that some military men know the risks of war and the risks of using the military force in domestic politics and they tried to disengage from militarism. Japanese expansionism into the Asian region, which later emerged as Japanese fascism, resulted from the civilian politicians' xenophobia (ultranationalism), which permitted them, for the short term, to be prepared to support the military class in their national and international policies.

World War II, which was tragic for the Japanese people because of the use of the atomic bomb for the first time in the history of mankind on Hiroshima and Nagasaki, apparently ended because of conflict between the military men who wanted to end the war and those who were opposed to the idea. The former sided with Japanese civilian politicians who were aware that Japan had already lost the war. Emperor Hirohito himself apparently was also on their side.

Careful analysis of history, therefore, will prove that Japan's successful modernization and industrialization was made possible by a dynamic process which, for the first time in the history of Japan, opened up broad opportunities for the social class whose members were devoted to reform regardless of whether they were civilians or military personnel. Under the Meiji regime, and one could say through the 1920s, broad opportunities became available in Japan to those who wanted to see new developments in the economic, political, military, educational, and cultural sectors.

Civilian-Military Relations in the Third World

Assuredly, questions of civilian-military relations now faced by most of the Third World countries are more complex than those which confronted Japan. When Japan entered its critical period in the mid-19th century, it was only the Western nations that engaged in international disputes and shared a belief in capitalism and concomitantly were imperialistic. Their rivalries erupted into open warfare periodically but afterwards--when a modus operandi was agreed upon--peace and stability prevailed for a long time. An example of such a modus operandi was that created at the [Congress of] Vienna when Napoleon Bonaparte's domination ended. This modus operandi collapsed only when World War I erupted. Between the signing of the Vienna agreement and World War I the modus operandi of the big Western nations--Britain, France, Russia, Germany, and Austria--covered the entire world. During this period Western nations also began to consolidate their powers in various regions of the world by establishing borders and maintaining the infamous colonial bureaucratic system. Most of the current boundaries between Third World nations were established during this consolidation period of Western hegemony.

A modus operandi such as that established in Vienna was never created during the consolidation period since the end of World War I, moreover, since the emergence of Communist Russia and the nations which embraced fascism--including Japan. During

this period the world was ensnared in endless warfare. Peaceful periods frequently were merely periods of preparation for a new war, and during peace governments were overthrown, creating a "war" situation. Given such a situation, the beginnings and ends of periods of peace or war became increasingly blurred. However, the critical elements in this situation were the totally opposing ideologies, namely, capitalism (as an extension of liberalism), fascism, and communism (or socialism). In the "totality" aimed at by the respective ideologies, struggles continued without and among the nations representing the various ideologies wherever, whenever they met, and regardless of sector--whether political, economic, cultural, or military.

The capabilities of industrial nations--representing whatever ideology--to develop weapons systems and technologies which were by nature "total," as seen in the development of nuclear weapons and intercontinental ballistic missiles, made the blurred situation described above increasingly complex. The risk of "total" destruction, in the end, forced all contenders to lean toward nonmilitary sectors in their rivalry. Finally, (1) the Third World was forced to link its goals of industrialization and modernization directly to the goal of building national defense, and (2) from the beginning, the boundaries between the civilian and military sectors were often blurred.

It apparently became increasingly difficult for most of the Third World leaders to separate development goals aimed at social welfare from development goals aimed at building national defense, particularly in the military sector. It became increasingly clear that the "models" selected for building a certain nation would quickly be seen by Western or Eastern superpower nations as elements which could, or had the potential to, respectively aid or destroy them. And in their respective efforts to "direct" the choice of a model to be used, all of them would use nonmilitary means. If necessary, they would establish an actual military presence around the Third World nations which had become their targets. Therefore, it is not surprising that, one by one, Third World countries then dived into building increasingly costly modern armed forces at the expense of development in other sectors. It is also not surprising that military as well as civilian groups began to think militarily and feel it necessary to have the earliest possible participation of the military group in the formulation and implementation of the nation's political development. On the other hand, the military group, aware of the "total" nature of the threat of war, felt it necessary for the country involved to be prepared as soon as possible to face war. Then they even advanced the argument that development was not the concern of the civilian group alone and that they, therefore, should participate as early as possible not only in the formulation of policy but also in the application of the means for national development.

Clearly, therefore, to most of the "latecomers" in the Third World the civilian-military mix was considered normal in the drive for industrialization and modernization. This is proved--perhaps tragically--by the frequency, among other things, with which there now is increasingly high interference by the military clique in domestic politics in all Third World nations including the People's Republic of China and Vietnam. We say "tragic" because such forced participation often destroys later "understanding" of the need to have civilian-military mix in the context of the present international situation. This destroyed understanding gives rise to

the dissipation of civilian power as seen in the dismantling of political parties and the state government. As has often been proved from concrete experience during the three decades since the end of World War II, the intervention of this military force was soon followed by stagnation of efforts toward modernization—by blocking mediation channels for groups who were devoted to reform, first in the civilian group and later in the military group itself. Industrialization progressed but not in tandem with the emergence of a modern social structure. Rather, the process was paralleled by a hardening of the traditional or even feudal structure, which was full of potential for primordial and ancient conflicts such as tribal, religious, regional, racial, and other similar conflicts.

New Aspect of Civilian-Military Relations

That industrialization is needed by Third World countries is an accepted dictum. It is well known that history has taught us that it is difficult for a country to survive if it depends solely on social forces. Furthermore, a guerrilla war fought against the West is ultimately won not solely because of the social forces engaged but through a unique combination of war, diplomacy, and modern weaponry. (It should not be forgotten that Vietnam used modern weapons made in Soviet Russia and the Eastern bloc in general in opposing France and later the United States. Also, the People's Republic of China obtained weapons aid from Soviet Russia besides the weapons that were left behind by Japan in its battles against the Kuomintang.)

To speed up their industrialization processes, many Third World countries, particularly in Asia and Latin America, immersed themselves in implementing poor policies which they apparently had to follow temporarily or which were forced on them by "pragmatism." Mistakes made under the industrialization policy of import substitution protected by high tariff barriers and various types of subsidies have been amply discussed by experts, and we needn't discuss them here.[6] What urgently need discussing, particularly in connection with the earlier observation on the "destruction of the social structure," is the selection of an industrialization process which is supported by state companies and/or conglomerates founded with foreign or domestic investment or a combination of state, foreign, and domestic investment.[7]

Again on this subject we frequently hear reasoning based on the Japanese zaibatsu experience, that is, how Japanese industrialization was accelerated by the participation of the zaibatsu, who shrewdly merged the government and private investors in large-scale conglomerates. Analyses admiringly point out that with this strategy Japan was able to assemble capital, manpower, and private individuals in its efforts first to conquer the West in domestic markets and then to conquer it in international markets. It is also observed that the zaibatsu who provided the Japanese armament also repeatedly presented the Japanese military as an invulnerable force in international disputes.

Research on the Japanese economic system or that of the United States also supported the proconglomerate reasoning. We know the role played by industrial syndicates such as those typified by the Krupp group in Germany and as later played by the Japanese zaibatsu and GM, Ford, US Steel, or oil conglomerates in the United States. The same is true of conglomerates in Britain, France, Italy, and even in Sweden.

If those researchers who favor the acceleration of the industrialization process delve into history a little, it will be apparent to them that the emergence of these conglomerates required certain conditions and a certain social structure. This applied particularly if it was desired that industrialization be continued as a dominant force in the evolution of modernization in a country. In many Western nations, particularly Britain and the United States, the continual emergence of these conglomerates was paralleled by the emergence of democratic forces which were supported by the government (executive, legislative, and judicial branches) in a positive way as well as by the political system so there were few obstructions to modernization. This did not occur either in Germany or in Japan which later moved toward the emergence of fascist nationalism and then toward taking steps which invited World War II. In these countries, corrective innovations were possible under the pressures applied by the Allies in the rehabilitation period after World War II. The success of West Germany and Japan in re-emerging as world economic forces proved that coordination was needed between the industrialization and the democraticization processes, not less for the modernization process.

What is the situation in the Third World? And also, what are the prospects?

The experiences over the past several decades of Pakistan, Brazil, Iran, South Korea, Thailand, and many other Third World nations that used the civil-military-plus-conglomerate alternative show that the industrialization process moved sluggishly, if not regressively, toward modernization. And let us not discuss the democratization process because this was throttled in almost every nation. It became increasingly apparent in these countries how a form of oligarchy grew out of the development of conglomerates, state ownership, foreign and domestic capital investment, or even out of joint ventures that included these three elements. The same thing happened when such an oligarchy worked closely, and thrived, with an oligopoly or monopoly in the economic field. It became dangerous when this trend merged into a form of military clique corporatism. The zeal of this strong assemblage of military participants rapidly overflowed into all sorts of areas including the economic sphere handled by oligopolies and monopolies. The influence of military corporatism was felt, furthermore, in all forms of competition: in disputes over land and other fixed resources, labor, budgets, banking, and international trade. In such situations the political instinct of the military clique readily demonstrated the close association between the "national interest" and the vested interests of the economic powers, both domestic and foreign.

This "aspect" was not apparent when the zaibatsu emerged on the forefront of the industrialization process in Japan. The impassioned nationalism of the samurai who supported the imperial government, accompanied by considerations which were focused realistically on the "national interest" made it possible for the Japanese conglomerates to become spearheads in the drive for development. The professionalism of the Japanese military clique, inspired by the French and German military systems, maintained the integrity of the Japanese armed forces in their political role. And, a most important fact, Japan did not use foreign capital in its rapid industrialization, moreover, continually kept it out of the domestic market. Thus, the image of the zaibatsu as a vehicle in the national struggle was fully guaranteed so that it was difficult for other parties to make accusations against these national domestic capitalists. This is why the myth of "Japan Incorporated" was implanted in the Japanese social structure.

Third World conglomerates often become the means for dissipating economic resources, including hard to accumulate foreign exchange, thus demonstrating failure after failure of the role of large-scale capital investment. Meanwhile the people are continually drained—consumers, savings depositors, and producers. It is also apparent that unlike the Japanese elite, a Third World nation's elite will readily pour capital overseas both as investors and--as frequently occurs--as conspicuous consumers.

These things do not seem to happen merely because the present international situation does not permit the nationalistic elite or the loyal [illegible]e of Japan to partake in the activities of the zaibatsu. This is not the reason. As mentioned earlier, the Meiji Revolution was the culmination of a traditionalism which continued for hundreds of years and which gave birth to a society--and its elite--with a strong, unique culture which was not readily invaded by outside cultural elements. Third World nations often do not have this unique culture. It is well known that our social structure was demolished during the colonial period. Some of the results are evident in the urban life styles which bow toward the interests, if not the life styles, of the former colonialists. We can readily testify to the fact that the majority of Third World elites have better adapted to cultures hatched in London, Paris, and other Western metropolises. The Japanese elite are not different from the majority of the Japanese people, and we see that the Japanese in general definitely have not adopted other life styles or cultures, including those of Western nations.

These are discouraging facts, particularly for the people fo the Third World who struggled against Western colonialism and imperialism only to be confronted later with the reality that the conglomerates that were built and developed in a planned way--via national planning--apparently only replaced the role and functions of the Western entrepreneurs who earlier had exploited them for the enrichment of their mother countries. The conglomerates like the earlier Western entrepreneurs can only survive in "enclaves" which are unable to form direct economic "linkages" (either "forward" or "backward") to the domestic economy and arouse into action the reform forces in the domestic society. These companies continue to depend on imports, from machinery and technology to basic materials and expertise to managers of various kinds. These companies must be continually propped up with subsidies and be protected from outside competition by tariff barriers--at the expense of domestic consumers.

If this has happened, clearly the military-civilian relations which have been acceptable ultimately will become a fundamental problem and not a solution for most of the Third World countries. Yes, a fundamental problem, because this may become the biggest obstacle toward the modernization that is so very much needed to support industrialization. The hardships, even more than "development disasters" that have occurred in many Third World countries in the past, make it sufficiently clear how inherently dangerous is this combination of civilian-military connections, oligarchy, and conglomerates. And in such conditions, it is to be feared that not only will there be crisis over development but also crisis in the national security and defense postures of the countries involved.

Clearly we must study these unpleasant facts scrupulously, seriously, and with perserverance to find a solution which offers some optimism.

FOOTNOTES

1. This may have been the factor that caused the West to focus only on forcing "treaties" on China which permitted the West to obtain as broad an "access" as possible in China and to be satisfied with acquiring footholds in Hong Kong, Shanghai, and so on. See: John K. Fairbank, Ewin O. Reischauer, and Albert M. Craig, EAST ASIA: THE MODERN TRANSFORMATION, Boston: Houghton Mifflin, Co., 1965, particularly Chapter II, "Invasion and Rebellion in China."

2. For the political and governmental system of Japan under the Tokugawa regime, see W.G. Beasley, THE MODERN HISTORY OF JAPAN, New York: Praeger, 1967, particularly Chapter I, "Japan in the Early Nineteenth Century," pp 1-20.

3. Ibid.

4. See Beasley, ibid., Chapters III through X for an interesting discussion of the process by which the Western powers came to Japan, the difficulties that were created for the Tolugawa government, the collapse of this regime, and the emergence of the Meiji and the "rapid move" toward modernizing and industrializing Japan so that it could achieve "world power" status when World War I ended. For a Japanese version, see Seiichi Tobata (ed), THE MODERNIZATION OF JAPAN I, Tokyo: The Institute of Asian Economic Afaairs, 1966, which presents selected writings of various Japanese experts on the modernization process in their country.

5. See Beasley, op cit, Chapters VI and VII, and Fukushima Shingo, "The Building of a National Army," in Tobata, loc cit, pp 185-208.

6. For an analysis of this question in Latin American countries, see Albert O. Hirschman, "The Political Economy of Import Substituting Industrialization in Latin America," in THE QUARTERLY JOURNAL OF ECONOMICS, Vol LXXXII, No 1, February 1968, and William C. Thiesenhusen, "A Suggested Policy for Industrial Reinvigoration in Latin America," JOURNAL OF LATIN AMERICAN STUDIES, Vol IV, No 1, 1972. While for the cases of several Asian nations, see Douglas S. Paauw and John C.H. Fei, THE TRANSITION IN OPEN DUALISTIC ECONOMIES: THEORY AND SOUTHEAST ASIAN EXPERIENCE, New Haven: Yale University Press, 1973. And, for analysis, see: Everett E. Hagen, "Why Economic Growth Is Slow," WORLD DEVELOPMENT, Vol VIII, 1980.

7. For the strategy of using conglomerates to press forward the industrialization process on the Third World, see Nathaniel H. Leff, "Entrepreneurship and Economic Development: The Problem Revisited," JOURNAL OF ECONOMIC LITERATURE, Vol XVII, No 1, March 1979, pp 46-64. This article is a "tour de force" on the question in various nations and is based on research in scores of books and articles dealing with this subject.

6804
CSO: 8127

VODK BATTLEFIELD REPORTS

Eastern Region

BK240300 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2300 GMT 23 Mar 81

[Excerpt] In February our comrades in arms on the Eastern Region battlefield killed or wounded 24 troops of the Vietnamese enemy aggressors.

In the production of primitive weapons, our comrades in arms made and planted 84,900 new punji stakes and dug 100 pitfalls.

Moung-Koas Kralor-Bakan

BK250356 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 24 Mar 81

[Excerpt] In February our comrades in arms on the Moung-Koas Kralor-Bakan battlefield put 100 Vietnamese aggressor troops out of action. We destroyed two AK's, a trench, two military barracks and a bridge. We cut the rail track at two spots: near Phum (Prek Chul) and east of Svay Donkev.

In the production of primitive weapons, we made and planted 20,000 punji stakes, dug 320 punji pitfalls, and set 170 automatic bows.

Pursat Battles

BK260821 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 25 Mar 81

[Excerpt] In February our comrades in arms on the Pursat Province battlefield put out of action 191 troops of the Vietnamese enemy aggressors, including a platoon commander killed; destroyed a truck, 3 double-barreled 37-mm cannons, an M-79, 2 AK's, 500 AK rounds, 2 handgrenades and a quantity of materiel.

In the production of primitive weapons, our comrades in arms made and planted 320,000 new punji stakes, dug 500 pitfalls and set 300 automatic bows.

All Battlefield Statistics

BK271242 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 26 Mar 81

[Excerpt] In February, our comrades in arms on all battlefields throughout the country put 11,575 enemy troops out of action, including a colonel, a senior lieutenant, 5 lieutenants and 3 platoon leaders killed.

They destroyed 69 trucks, 2 tanks, 2 motorboats, 39 rafts, a motorcycle, 293 barracks, 102 trenches, 7 bridges, 2 ammunition depots, a 105-mm cannon, 6 DK-75 and DK-82 guns, 3 double-barreled 37-mm guns, 17 60-mm and 82-mm mortars, 8 12.7-mm and M-30 machineguns, 70 B-40's and B-41's, 2 Goryunov guns, 5 RPD light machineguns, 22 M-79's, 304 AK's, 3 AR-15's, 4 CKC's, 5 C-25 radios, 2 telephones, 3 15-watt telegraphs and 2 radio receivers.

They seized a 60-mm mortar, 12 B-40's and B-41's, 3 RPD's, 2 M-79's, 90 AK's, an AR-15, a CKC, a pistol, 59 B-40 rockets, 60 M-79 grenades, 28,260 rounds and 6 crates of AK ammunition, 38 handgrenades, 1,399 landmines, 26 C-4 plastic explosive charges, 14,476 meters of telephone wire and some materiel.

At the same time, they destroyed eight Vietnamese positions, including two division command positions, a battalion position, two company positions and three platoon positions. They liberated and occupied six other positions, including a regiment position, a battalion position, a company position and three platoon positions, while liberating 20 villages and communes.

As a result of their efforts to set up a primitive weapon system, they made and planted 12,912,200 new punji stakes, dug 5,300 new punji pitfalls, made 3,000 new automatic bows and set 460 new snares.

Railroad Track Cut

BK280358 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 27 Mar 81

[Text] At 1930 on 22 March, our special detachment raided an SRV platoon position east of Phum Kralaom Phluk on the Moung-Pursat battlefield. After 15 minutes of fighting, we completely controlled the position.

We killed six and wounded nine enemy troops, and destroyed a 12.7-mm gun, three AK's, five barracks and a quantity of war materiel. We also cut 150 meters of the railroad track. We controlled the position for 1 1/2 hours before returning to our base.

Long live the valiant armymen, guerrillas and people on the Moung-Pursat battlefield!

Siem Reap Province

BK290421 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 28 Mar 81

[Text] On 17 March, our special detachment attacked a Vietnamese position at Phum Phlong, Angkor Thom commune, Banteay Srei district, Siem Reap Province. After only

10 minutes of fighting, we killed 15 and wounded 2 while the rest fled in disarray, abandoning the Phlong position.

Freightened, the enemy troops in Phum Trapeang Svay and Phum Ta Piem, Angkor Thom commune, Banteay Srei district also abandoned their positions.

We liberated and completely controlled Angkor Thom commune, Banteay Srei district, Siem Reap Province.

Long live the valiant armymen, guerrillas and people in Banteay Srei district, Siem Reap Province!

Pursat Railroad Damage

BK310716 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 30 Mar 81

[Text] On the night of 20 March our army and guerrillas attacked a Vietnamese position at the Kev S'at bridge along the railroad track west of Svay Don Kev, Bakan district, Pursat Province. Following 10 minutes of fighting, they killed five Vietnamese troops, wounded three others and destroyed two AK's, two Goryunov guns and two military barracks. Our army and guerrillas destroyed with landmines nearly 40 meters of the railroad track between Phum Kev S'at and Svay Don Kev.

Before withdrawing, our army and guerrillas shelled a Vietnamese platoon command post at Svay Don Kev, killing or wounding a number of the Vietnamese troops. We totally protected our forces.

Long live our valiant and courageous army, guerrillas and people in Bakan district of Pursat Province!

Battambang Bridge Destroyed

BK010759 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 31 Mar 81

[Text] On the night of 8 March our army and guerrillas attacked a Vietnamese position at a bridge east of Phum Rohal along Route 6, Preah Net Preah District, Battambang Province. Following 20 minutes of fighting, they killed five Vietnamese troops and wounded seven others. They also destroyed an RPD gun, a B-40, 3 AK's, a quantity of war materiel and an 8-meter span of the bridge. Our forces were all safe.

Long live our valiant and courageous army, guerrillas and people in Preah Net Preah district of Battambang Province!

CSO: 4212

NORTHERN REGION SECURITY PROBLEMS, DEVELOPMENTS NOTED

Vietiane SIANG PASASON in Lao 29 Jan 81 p 2

[Article: "Northern Region Armed Forces Are Progressing" by Unheuan Chittaphong]

[Text] The northern region is an important one strategically, politically, militarily, and economically. It covers a rather extensive area and its population includes many tribal groups and is politically aware which causes not a few complications for administration maintenance of the peace.

In addition the U.S. imperialists and their lackeys have never curtailed their mad efforts to cause destruction in this region. Thus for the past five years the U.S. imperialists have made plans to combine with expatriot reactionaries and remnants of Vang Pao's followers still hiding in the jungle to cause disturbances many times.

Of much greater danger are the Chinese big-power, reactionary expansionists who have become the enemies of the Lao people and have conspired with the U.S. imperialists to carry out detailed plots designed to destroy the new regime, the solidarity between the army and the multi-ethnic people, and basic organizations of the revolution and to try to cause breaks in the special relationships of the three Indochinese countries, particularly between Laos and the Socialist Republic of Vietnam. They have used psychological warfare on merchants and minority tribes to get them to oppose the guidelines of the party and state and to retard the progress of the Peoples' Democratic Republic of Laos. They arrogantly use expatriot Lao and other reactionaries to create disturbances along the Lao-Chinese and Lao-Thai borders continually.

Due to their loyalty to the party and state, their high sense of watchfulness and preparedness for battle, and patriotic spirit toward their sacred land the armed forces of the northern region have united as of one heart and mind to carry out all the resolutions and orders of the regional headquarters. They have also striven tirelessly, night and day, to carry out their honorable duties actively. Anywhere the enemy has emerged, they have headed there and wiped them out quickly. Thus through fierce tests over the past five years they have been able to ward off and suppress the enemy's plots handily and to force the enemy to suffer bitter defeats repeatedly.

Up to now the northern region has been changing ceaselessly to a new aspect. Their confidence has brought results and progress throughout the territory of the glorious northern region which has become the focus of revolutionaries in and outside of Laos. Everyone wants to visit the northern region armed forces who have achieved such fine results for the protection and construction of the nation. During the past five years the armed forces of the northern region, under the leadership of the party military committee and headquarters of the northern region, have not only fought the enemy well and skillfully but have also carried out all the tasks the nation has called on them to do, such as to increase production and to urge the people to study culture, art, tactics, politics, and every resolution and order of the party and state as well as of the supreme headquarters. In particular they have concentrated on building the army in a modern form and have carried out the work of constructing housing with perseverance. Now construction of the northern region theater has been completed and provides evidence to the masses of their workmanship. In addition art, culture, sports, and gymnastics troups of every branch and unit surrounding the headquarters play roles in energizing the masses to the utmost. Also a semi-professional artists troup of the northern region headquarters has been set up to fit the fresh, happy, new image of the northern region.

At present the northern region of Laos has covered itself with glorious achievements and has raised its status and role by dint of sacrifice of life and blood, creativity and furtherance of belief in the bravery of the Lao nation. The heroes of all segments of the armed forces of the northern region are forever ready to protect the northern region, the heart of the nation. They will do everything to accomplish their socialist revolutionary duty to lead the national to prosperity. They are determined to protect the northern region, which has been targetted for destruction by the imperialists and the Chinese reactionary expansionists, and to keep it pure and clean and swept clear of all things that would block or hinder the progress of socialist Laos. They will work hard to carry out the first five-year plan of the party and state so as to realize success; will resolutely take part in building the economy and spreading culture; will establish and build their units and raise the overall efficiency of the armed forces to defend the nation with solidarity and close coordination among the three forces; will grasp firmly military tactics, politics, and economics; will improve and develop ceaselessly their progressive and victorious attitude; and will extend the solidarity betwen the army and administrative authorities, between the army and the multi-ethnic people, and between commanders and their men so that together they will go forward to achieve new results greater than ever before in 1981 and make the northern region into a bulwark and a firm foundation for the protection and construction of our socialist Lao nation.

8947
CSO: 4206

ORGANIZATION OF FOODSTUFFS CORPORATIONS, TAX COLLECTIONS REPORTED

Vientiane VIENTIANE MAI in Lao 3 Feb 81 pp 1,4

[Text] Since 1976 foodstuffs corporations have grown and expanded in stages and their functions and roles have been established or reformed in keeping with party political duties, under the leadership of the Vientiane City and Province party committee. Specifically, on 24 September 1977 the Department of Industry and Trade combined the Foodstuffs Division and the Food Organization into the "Vientiane Foodstuffs Division" and united the various food shops such as grocery stores, bread stores, fish markets, bakeries, the slaughter house, the fish sauce-dried fish factory, the Tha Lat fish buying location, rice mills, and rice purchasing activities into a single state enterprise. These two organizations had over 500 cadres and employees.

Through these activities they enlarged their responsibilities and improved their working methods gradually. They changed from single-entry to double-entry bookkeeping, registered movable and immovable property, and improved the systems for buying, selling and making payment. On 1 October 1980, based on resolution No 7 of the party politburo concerning the expansion of economic outlets and encouraging the growth and strengthening of state enterprises, the provincial party committee decided to divide the foodstuffs division into two corporations, the Vientiane Foodstuffs Corporation and the Vientiane Food Corporation

Through their work over these five years, they have developed precise organization and division of responsibilities such as:

A. a top board of directors fo five persons acting as a juristic person.

B. Organization of four offices and two work units with ten sales offices, eight rice storehouses, and one other storehouse.

In carrying out specialized and other work from 1976 to 1980 they purchased or traded for 9,280 tons 821.9 kilograms of rice at a cost of over 2,700,000 bank kip; collected 6,503 tons 423.32 kilograms of agricultural tax rice, purchased 62,310 tons 854.61 kilograms of milled rice from the central level, 6,017 tons 125 kilograms of unhusked rice, 6,733 tons 188.5 kilograms of baking powder, and 434 tons 518 kilograms of flour.

During the five years the cadres of the two corporations have been able to achieve fine results and 157 comrades have received medals, certificates of commendation, or five-year pins from the government or higher authorities.

8947
CSO: 4206

CADRE IDENTITY CARDS DISCUSSED

Vientiane VIENTIANE MAI in Lao 2 Feb 81 p 3

[Article in "Speak With the Editor" Column, "Identity Cards"]

[Excerpts] Why have some organizations not issued identity cards? If every organization did it, I think it would make it easier for officials when they need to inspect people.

Thank you.

A Worker

Our comment is as follows: Regarding identity cards many organizations have already issued them to their cadres but we believe the only thing all of them have done is to issue temporary certificates while waiting for a standard card form. We here at VIENTIANE MAI have done just this for our cadres for use as temporary identity cards as we have stated. While waiting for a permanent directive on issuance of identity cards these are satisfactory as identity cards because when officials in the course of their duties want to inspect them they serve as evidence of identity for them to look at. If your organization has not yet issued anything the management might issue temporary identity cards but it is up to each organization to determine the importance of them. VIENTIANE MAI will not tell them what they should do.

8947
CSO: 4206

BRIEFS

SARAVANE DISTRICT STATISTICS, SECURITY--Ta-oi District of Saravane Province is located in a foothill area 80 kilometers east of Saravane District. It is composed of six cantons, namely Dup, Tapeun, Pasom, Talung, Cho, and Talo cantons, and 64 villages. Its total population is 15,512 people including people of the Ta-oi, Katang, and Pako tribes. The people of the district build their houses along mountain cliffs and the banks of the beautiful Se Lanong which flows through the district. Ta-oi district is known as the proud home of national heroes. They have energetically set up labor exchange teams and cooperatives. In some cantons they have voluntarily given up shifting agriculture to grow rice such as two villages in Dup Canton, namely Paduk and Houei Ngua. Foolish former beliefs and customs and backward things such as levying fines, etc, have been 76 percent eradicated within the district. In one canton they have been eliminated 100 percent. Besides improving the people's living conditions they have steadily expanded national defense and public peace keeping activities. For example, they have set up several mini-battalions of patrol and militia troops. They also have given them regular military training. [Excerpts] [Vientiane SIANG PASASON in Lao 3 Feb 81 p 2] 8947

CSO: 4206

FORMATION OF CONSUMER RESISTANCE BODIES URGED

Karachi BUSINESS RECORDER in English 18 Mar 81 p 6

[Text]

The Director-General Bureau of Supplies and Prices, Sind, yesterday underlined the importance of forming consumer resistance associations in order to stabilise the prices of commodities of daily use and also check rising trend of profiteering.

Addressing a radio press conference, Brig Qamaruzalam said that it was with this objective in view that the provincial Council of Sind decided the formation of consumers resistance committees under the supervision of local bodies members in their respective constituencies.

He said such committees could check profiteering by traders and variations in prices caused by well to do people by paying higher for a commodity, through their social boycott.

He pointed out that similar associations in other countries had been playing an important role. Brig Salam said that women constitute a major part of the consumers and they could play an effective role in this regard. He urged them to insist on buying commodities on fixed rates exhibited at the shops and boycott them if they refuse to do so.

The Director-General advised the house-wives to make use of such commodities which were comparatively cheaper but had more nutritional value.

To a question, Brig Salam said that 'Jumma Bazars' were an effective source in getting rid of the middlemen in trading. Such Bazars provide an opportunity to producers and growers to sell their produce directly to consumers which would not only earn them their due share of profit but the consumers also get commodities of good quality at cheaper rates.

He said that Jumma Bazars, on the pattern of one already being organised in Islamabad, have been introduced in many cities of this province and now efforts were being made to hold the same in Karachi too.

He said that the first Jumma Bazar at Karachi is being organised on April 3 at New Sabzi Mandi. If proved successful such Bazar would also be organised in other parts of the city.

He disclosed that to check artificial shortage of various commodities, all the godowns and cold storage were being registered.

About the non-availability of commodities at the prices announced over TV and Radio, Brig Salam explained that prices are determined by price check committees which also include representatives of market committees, growers, wholesalers and commission agents. The prices are determined keeping in view the demand and supply of a commodity while the retail price is fixed after working out an appropriate share of profit for the retailers.

He pointed out that the responsibility for selling the commodity on the fixed price lay on the shopkeeper who indulges in profiteering and also on consumers, especially those well-to do persons who are prepared to pay any price as demanded by the shopkeeper.

As regards prices of one commodities in different localities, Brig Salam said that prices were fixed after grading of a commodity. Price of grade one commodity is fixed higher than the grade two.

Another reason, he added, was that rich people do not care for prices and they would not mind in paying higher than the fixed price.

He said that since the formation of the bureau some good results had been achieved in keeping the prices of essential commodities on a reasonable level which, otherwise, would have gone skyhigh. But still a lot remained to be done for the achievement of fruitful results, he added.--

CSO: 4220

REAGAN POLICY ON GULF STATES; GOVERNMENT EXPECTED TO SHIFT

Peshawar KHYBER MAIL in English 15 Mar 81 p 3

[Editorial: "Reagan's Soft-Pedal"]

[Text] Latest indications from Washington are that there is the likelihood of a shift in the policies of the United States with regard to the Gulf states and Pakistan, particularly the latter. It has generally been considered that the new President of the United States has been playing in the hands of the American Zionists, who are especially suspicious of American assistance to any Muslim state, including Pakistan, fearing the strengthening of a threat to their entity, Israel. President Carter, on the eve of the elections had to play to the Zionist lobby when he offered what was called "peanuts" to Pakistan to defend itself against the threat of a Soviet adventurism. The offer, as is well-known, was rejected with the contempt it deserved. While the election campaign was in full swing, and the Zionist votes were bound to sway the results, the outgoing President could not alter the suggestions, and only tried to hoodwink the Pakistanis with sweet talk, which did not carry much weight. Carter's angling, however, did not do him any good. The Zionist fish in the United States refused to bite. They thought they would have a better dummy in President Ronald Reagan.

It was, however, easy for Reagan to make all sorts of unrealistic declarations, which could hardly stand the deep analysis of political forces at work. The first thing which came home to roost in the White House was that the danger to the free world in South Asia, arising out of the Soviet bid for adventurism towards expansion, was not so much the nightmare of an over-fed region in the vicinity. It was solid and had to be sorted out before it was too late. Reagan went forward in trying to make a show of a tough front, linking all the political differences with each other for an overall detente. That was, however, a theoretical postulate, which drew forth counter-proposals without altering in any

way the rises on the scene. Agreements and arrangements can only be arrived at when they are backed on either side with loaded dice. With Pakistan left totally uncovered, and the Gulf region lying open to any sudden moves, talks could hardly bring the cream home. This is a fact which is incontrovertible, and the appreciation of the realities emerging from it had to come home to Reagan the President as against Reagan the candidate.

A journalist close to the Reagan regime told audience in Islamabad only the other day that the Pentagon was willing to raise the ante a little. He, however, said that instead of the peanuts equivalent to a paltry 400 million dollars worth of armaments, Washington would go up to the ceiling of a billion, with the rider that Pakistan would not indulge in trying to make the nuclear device which they suspect it is trying to. The slight shift in the American stand speaks volumes. It is prepared to raise the ante, but is till dominated by the fears for Israel. Consider the situation in which Israel, confronted by small, udeveloped, and petty nations is saddled with an annual 6 billion guarantee, while Pakistan facing today the mightiest power on the globe to be graced with less than a billion, with strings attached. This is chasing the chimera with a vengeance. Pakistan can hardly stand up with a challenge to the Soviets without being properly backed, and an acceptance of the new offer (not yet made officially) would amount to that. The proposition is not worth consideration even if it comes down from the high heavens of the White House. The only redeeming feature of the suggestion is that it has at all been made, which only goes to prove that the US is slowly veering to a proper appreciation of facts. But, the shadow of Zionism is standing in the way, and that is the worst part of it. The Americans supported by the European powers are now willing to guad their oil themselves by sending a combined force into the region, not without opposition from the littoral states. Although Pakistan has stated that it does not consider itself a Gulf state, the fact is that the link of Soviet adventure is bound to go through this country. Though Pakistan would not favour an Allied force patrolling the Gulf, without consideration for the states in the region, it has to think for itself. Not until the Reagan administration goes whole hog to support this country, it is necessary for it to remain as much aloof from walking into the US parlour as possible.

CSO: 4220

GDP UP 6.2 PERCENT IN 1979-1980

Karachi BUSINESS RECORDER in English 17 Mar 81 pp 1,6

[Text] ISLAMABAD, March 16. The Gross Domestic Product (GDP) is estimated to have risen at a rate of 6.2 per cent during 1979-80, and its annual growth for the three years, 1977-80, comes to 6.4 per cent, over twice the population growth.

This has been stated in the "Pakistan Basic Facts 1979-80" which focuses mainly on the developments and policy measures of the current year.

It has been prepared by the Economic Advisers' Wing of the Ministry of Finance and was released here today.

According to the 'basic facts, a significant feature of the performance of economy during the year is that growth in the commodity producing sectors outpaced that in the service sectors. The two major commodity producing sectors of agriculture and manufacturing respectively grew by 6 per cent and 8.1 per cent during 1979-80 contributing 47.01 per cent of the incremental GDP. The services sectors which accounted for 49.55 per cent of GNP registered a growth rate of 5.7 per cent during 1979-80.

It says that the trends of major economic indicators recorded during 1979-80 marks a continuation of the substantial recovery indicated in 1977-78. GDP growth has averaged 6.4 per cent during the three-year-period (1977-80) contrasts sharply with the growth rate of 3.7 per cent during the first seven years of the seventies.

Reflecting similar upward shifts in their respective growths incomes from agriculture and manufacturing, increased at 4.2 per cent and 7.4 per cent during 1977-80 compared to 1.6 per cent and 2.8 per cent during 1970-77.

Net factor income from and to rest of the world increased by 22.2 per cent at current factor cost during 1979-80 which was less than the 23.8 per cent increase recorded by the import price index. Thus the net factor income from and to rest of the world at constant prices shrank by 1.3 per cent in 1979-80 compared to a rise of 13.7 per cent last year. As a result of this decline, the growth of Gross National Product fell from 6.3 per cent in 1978-79 to 5.7 per cent in 1979-80.

Reviewing the sectoral performance, the 'Basic Facts' says that the share of the commodity producing sector increased to 44.80 per cent of GNP in 1979-80 from 44.38 per cent during 1978-79. This sector grew by 6.7 per cent during 1979-80 compared to 4.4 per cent last year and 2.0 per cent per annum during 1970-77.

The agriculture sector registered an increase of 6.0 per cent in 1979-80 compared to 4.2 per cent last year and 1.6 per cent per annum during 1970-77. The major factor contributing towards this substantial agricultural growth is the record production of wheat and cotton during the year.

Among the sub-sectors of agriculture, the highest growth of 16.4 per cent was recorded in fishing following by 7.8 per cent in major crops, 5.5 per cent in minor crops, 3.0 per cent in livestock and 3.3 per cent in forestry.

The manufacturing sector contributed 14.55 per cent of GNP in 1979-80. Its growth recorded at 8.1 per cent in 1979-80 contrasts sharpy with 4.8 per cent in 1978-79 and 2.8 per cent per annum during 1970-77.

The large scale manufacturing sub-sector which accounts for 70 per cent of the value added by the whole manufacturing sector, recorded an increase of 8.5 per cent in 1979-80 compared to 3.7 per cent in 1978-79 and 1.3 per cent per annum during 1970-77.

Mining and quarrying sector showed a growth rate of 10.1 per cent in 1979-80, a sharp improvement over the 3.3 per cent growth achieved last year and the 4.2 per cent per annum average during 1970-77. Its share in GNP is less than one per cent and its value added is Rs 239 million. The significant improvement in its growth is attributed to higher production of natural gas, coal, gypsum, fire clay and silica sand.

CSO: 4220

OUTSTANDING DEBTS LISTED AT $8.72 BILLION

Karachi BUSINESS RECORDER in English 17 Mar 81 p 1

[Text]

ISLAMABAD, March 16: Pakistan has repaid 2.35 billion dollars leaving a net debt including disbursed and outstanding of 8.72 billion dollars as on June 30, 1980.

According to the Pakistan Basic Facts 1979-80, which highlights major developments in various sectors of the economy, prepared by Economic Advisers' Wing of the Ministry of Finance, released here today, assistance worth 10.753 billion dollars had been contracted for, of which 3.971 billion dollar was in the form of grants, 12.782 billion dollars in the form of loans repayable in foreign exchange excluding 0.347 billion rupees loans repayable in rupees, and 0.587 billion dollar, in the form of loans and credits repayable in non-convertable rupees. Disbursements of loans and credits upto the end of June, 1980 amounted to 10.750 billion dollars.

The 'Basic Facts' says that Pakistan has been receiving foreign economic assistance since the commencement of the Colombo Plan in 1950. Since then foreign aid has flowed in steadily.

The change in the composition of aid from grants to loans and credits repayable in foreign exchange has been striking feature of debt inflow in recent years and the main reason for the high rate of debt accumulation till 1980. The outstanding debt of Pakistan including Bangladesh increased from 0.2 billion dollars in June 1960 to 3.6 billion dollars in December, 1971.

During the seventies (upto December 1979) Pakistan suffered heavily from various international events of exceptional nature which coincided with domestic factors imposing severe strains on her balance of payments position and led to a marked increase in the volume of international indebtedness as well as debt servicing.

During this period external (disbursed and outstanding) more than doubled and stood at 8.72 billion dollars at the end of June 1980, which constituted about 33 per cent of Pakistan's GNP.

Reviewing the foreign assistance during 1979-80, the 'Basic Fact' says that total pledges for 1979-80 from the Consortium, both bilateral and multilateral, amounted to about 675 million dollars showing a decline of 20.1 per cent over the level of 845 million dollars in 1978-79.

Out of the total pledge for 1979-80, project and including technical assistance stood at 507 million dollars, while non-project aid including food and non-food aid amounted to 168 million dollars compared with 591 million dollars and 254 million dollars respectively in 1978-79.—PPI

CSO: 4220

BAGASSE-BASED NEWSPRINT PLANT IN FAISALABAD

Karachi BUSINESS RECORDER in English 16 Mar 81 p 1

[Text]

LAHORE, March 15: The first ever bagasse-based newsprint plant in the country at an estimated cost of Rs. 1000 million with a production capacity of 60,000 tons per annum, is being set up at Kamalia, near Faisalabad.

An undertaking of the Punjab Industrial Development Board (PIDB) for which the study is underway by a German firm, is expected to go into production by the middle of 1985.

When in production, the plant would save foreign exchange worth Rs. 50 million a year.

Of the total cost 70 per cent will be in foreign exchange to be provided by the Asian Development Bank (ADB) which will be released through the National Finance Development Corporation (NDFC).

The remaining 30 per cent of the estimated cost in local currency would be arranged by the Punjab government and provided to the PIDB.

Establishment of the plant, based on new technology was approved in July last at a meeting of the Economic Coordination Committee (ECC) at Islamabad which was chaired by the Federal Minister for Finance, Ghulam Ishaq Khan.

The project has also been approved by the President General Mohammad Zia-ul-Haq.

A comprehensive study for the setting up of the proposed newsprint plant is being carried out by a German firm.

The study which, is in the process, is expected to be completed within a period of six months.

The actual work on the project will start in 1982-83. The raw material in shape of bagasse for production of newsprint in the proposed plant will be procured from four sugar mills of PIDB in the area.

Presently being used as the fire energy sources for boilers of the sugar mills will be supplied to the newsprint plant.

The newsprint plant will require 120,000 tons of bagasse per annum.

Similar plants based on new technology using bagasse as a raw material at present are being run on commercial basis at Peru, South America, and a number plants one each at Tamil Nadu, India, Argentina and Cuba are being set up.

With the commissioning of the proposed newsprint plant which is through a capital intensive industry, yet employment to about 800 workers will be ensured.—PPI

CSO: 4220

MOONG OUTPUT UP 9 PERCENT

Karachi BUSINESS RECORDER in English 14 Mar 81 p 6

[Text]

The Ministry of Food and Agriculture has notified that with the increase of 4.7 per cent in the area under Moong crops in 1979-80, the crop production has increased by 9 per cent in comparision to the output in 1978-79.

In Punjab, the area and production of Moong crop for the year 1979-80 are estimated at 46,619 hectares and 21,785 tonnes. It shows an increase of 17.1 and 23.6 per cent in area and production respectively over last year's figures of 39,800 hectares and 17,630 tonnes.

The increase in area is attributed to favoirable weather conditions at the time of sowing of the crop as wel las attractive market prices of Moong during last year. The increase in production is due to corresponding increase in area.

The area and production of Moong crop in Sind are estimated at 10,983 hectares and 4,647 tonnes for the year 1979-80, whereas last year the corresponding figures estimates were 11,689 hectares and 4,974 tonnes. It shows a decline of 6.2 per cent in area and 6.6 per cent in production. The decrease in area and production is due to defficiency of rains and diversion of land towards cash crops, particularly cotton and sugarcane.

The area and production of the crop in NWFP for the year 1979-80 are estimated at 8,724 hectares and 4,926 tonnes. It shows a decline of 11.9 per cent in area and 10.1 per cent in production over the previous year's figures of 9,901 hectarer and 5,481 tonnes. The decrease in area and production in Peshawar and Hazara division occurred due to diversion of area toward maize crop.

The area and production of Moong crop in Baluchistan province for the year 1979-80 are estimated at 2,736 hectares and 1,310 tonnes. It shows a considerable decrease of 39.8 per cent in area and 30.0 per cent in production over preceding year's figures of 4,544 hectares and 1,872 tonnes.

The decrease in area and production is due to scanty rains during the year 1979-80.

CSO: 4220

EDITORIAL: BALUCHISTAN ON ROAD TO PROGRESS

Quetta BALUCHISTAN TIMES in English 6 Mar 81 p 3

[Editorial]

[Text]

The Baluchistan Governor Lieut General Rahim Uddin Khan addressing the concluding session of the Provincial Council in Quetta on Wednesday called upon the Councillors to keep the Institutions of Local Bodies free from the pioson of politics. He reminded them that their election to these institutions had been on , non-party basis and they should not cue the line of the defunct Party if any , but devote whole heartedly to the welfare of their electorate and implementation of the development projects.

The Governor also said that he did not care for their past political affiliations, but wanted them to be free from the influence of socalled politics as long as they represented people under the present set up.

The Governor also reiterated Government's determination to maintain peace and order at all costs. He said unluckily certain elements did not like the stability brought about in the country and resultant quickening of the pace of development. He advised the Councillors to help maintain peace in their respective areas of influance.

Earlier the Provincial Council was informed that over 250 development projects costing over Rs.428 million were under implementation and funds allocated for , development were being utilised most judiciously. The Additional Chief Secretary for planning and Development reviewing the development activities told the House that due to personal interest taken by the President General Mohammad Ziaul Haq and the Provincial Governor Lieut General Rahim Uddin Khan, the development work was progressing most satisfactorily and no difficulties or hinderences were in the way of speedy development of the Province. We think the advice of the Governor to the Councillors is most correct and timely, and the review of the development activities is encouraging.

The utilisation of development funds has been by and large judicious and the leakage holes have been plugged as far , as possible. Last year the Province was able to utilise about 95 per cent of development funds and this year the Governor has directed to ensure cent per cent utilisation of funds and achieving development targets.

This is not a small achievement. In , the past we were not able to utilise the development funds properly due to non , availability of administrative and technical infra-structure.

Uncertain conditions under the previo-

us regimes also obstructed the development work and the Province remained lagging behind in the race of progress and prosperity despite the tall claims for development made by the politicians.

The present Government for the first time has been able to put the Province on the path to Progress and these are logical and material reasons for it.

The present regime has no political designs therefore its decisions are not based on political considerations. These are taken on merit and fair-play. That is why those areas of the Province which were kept deliberately backward are receiving special attention of the Government and the case of Kohlu Agency is good example of this Policy. Special funds have been allocated for speedy development of this Agency on priority basis.

The Provincial Government headed by Lieut General Rahim Uddin Khan is devoting full attention to the practical side of the work instead of mere claims.

Besides the Provincial ADP, the Federal Agencies are spending about Rs. 900 million on over 100 big and small projects in Baluchistan during the current financial year.

As a result of the Government measures and the cooperation of the people the development is now visible on the ground.

We hope that if present peace and calm is maintained and the pace of development kept up, Baluchistan will Inshaallah come at par with other areas of the Country soon.

CSO: 4220

EDITORIAL CITES INVESTMENT PLANS FOR OVERSEAS NATIONALS

Karachi MORNING NEWS in English 18 Mar 81 p 4

[Editorial: "Investment Plans for Overseas Pakistanis"]

[Text]

HOME remittances from Pakistanis employed on lucrative jobs in the Middle Eastern and some Western countries is the single biggest source of foreign exchange earnings for the country. In the last fiscal year they amounted to over Rs. 15 billion and are expected to double in the near future. A proper utilisation of the foreign exchange thus available can prove very fruitful for the country as a whole. Need to evolve some method to rechannel this amount to productive projects was felt for a long time and suitable measures in this connection were suggested by many people. Apart from sending remittances here, many Pakistanis have large savings abroad.

The matter has now been taken up by the Government in right earnest and it is considering to open investment centres in embassies to guide Pakistanis abroad on how and where to invest their money profitably. Full-fledged information centres would be opened preferably in embassies in countries where Pakistanis live in large numbers to achieve maximum results. The Ministry of Industries has recently published brochures giving complete information, answering all the questions relating to the investment strategy in the private sector, selection and location of industry, procedure of obtaining sanction and import licences, financing, post-sanction formalities etc. The Government has also decided that a cell working directly under the supervision of the Secretary of the Ministry of Industries would attend to applications in this connection for their speedy disposal. To help the small investors, the Small Industries Corporations in all the four provinces are expected to prepare lists of small industries in which overseas Pakistanis can invest.

Earlier in February, a delegation of representatives of Pakistanis in UK was assured by the authorities that the Government would do everything to encourage the overseas Pakistanis to invest in the country. "Overseas Pakistanis, can import machinery to the tune of Rs one crore and can also get a licence of the same amount. Permission has also been granted to them to import second-hand machinery", said a Government spokesman while talking to them

Recent measures initiated by the Government should be helpful in guiding Pakistanis working abroad. But care will have to be exercised in choosing the fields for investment. Some time back the Federation of Pakistan Chamber of Commerce and Industry had put forward the suggestion for drawing up of a comprehensive five-year plan in consultation with the private sector so as, to avoid unplanned use of home remittances which might result in further inflation. In this connection schemes adopted by Turkey, North Yemen and India may provide some guidance although our own socio-economic context and the background of the investors must guide the policy. It may also be instructive to study the schemes prepared by Pakistan Agro-Industrial Development Ltd which has undertaken plans to organise the savings of Pakistanis residing in Britain and other countries to invest them in various projects in Pakistan. This organisation would soon set up two model livestock farms in Karachi and one industrial estate in Lahore.

The home remittances from Pakistanis abroad have not only proved a boon for their families but have also gone a long way in relieving our balance of payments difficulties. But so far these have been at best short-term gains. A planned use of the increasing foreign exchange coming from this source will surely have a multiplier impact on the economy of the country and the quality of life of a large number of people.

CSO: 4220

JAPAN TO GIVE $18.5 MILLION IN AID

Karachi MORNING NEWS in English 23 Mar 81 p 1

[Text] Islamabad, March 22--Three agreements stipulating provision of Japanese economic assistance to Pakistan of about 18.5 million dollars were signed here today between the Governments of Japan and Pakistan.

Under one of the agreements Japan will provide debt relief and economic assistance in the form of grant amounting to 767 million yen (approximately 3.6 million dollars).

The grant has been extended in pursuance of the resolution adopted on March 11, 1978 at a special session o the trade and Development Board of the UN Conference on Trade Development (UNCTAD). It represents the difference in calculation of interest on Japanese loans at contractual rates and specially adjusted rate of 3 per cent annum.

The grant and its interest will be used by Pakistan Government for the purchase of products and acquisition of services from all OECD countries, including Japan, as well as from other developing countries to be mutually agreed upon by the two sides.

This is the third Japanese debt relief grant since the adoption of UNCTAD Board's resolution. The first was offered in March, 1979.

Agreements

The other two agreements envisage provision of 2.5 billion yen (approximately 12 million dollars) and 600 million yen (approximately 2.9 million dollars) in the form of grant assistance for the purchase of fertilizer, agricultural machinery and hospital equipment.

The grant of 2.5 billion yen will be utilized by Pakistan for purchasing fertilizer and agricultural machinery from Japan. The fertilizer will be used for increasing food production in the country while agricultural machinery will be utilized for the Sind land levelling scheme.

It may be pointed out that Japan has already extended a total of 4 billion yen (about 19 million dollars) in grant to Pakistan over the past three years for improvement of food situation in Pakistan.

The grant of 600 million yen will be used by the Health Department of the Sind Government for the procurement of medical equipment for four hospitals in Sind. It will help modernise health facilities in these institutions.

The ambassador of Japan in Pakistan, Mr Tateo Suzuki, and the Secretary Economic Affairs Division, Mr Ejaz Ahmad Naik, signed the agreements for their respective Governments.--APP

CSO: 4220

BRIEFS

SMUGGLED GOLD SEIZED--Peshawar, March 22--Gold weighing a seer and valued at about Rs two lakh was seized during personal search of one Mir Askar of Jalalabad, Afghanistan at the Customs University Checkpost here recently. After the seizure of several gold bars at Torkham from a Peshawar bound goods truck, a few weeks back smugglers have dropped the modus operandi of using trucks for their purpose and have resorted to hiring couriers it to smuggle the yellow metal conceled on their person, reliable sources said. [as published] Gold is smuggled from Afghanistan to India via Pakistan by ingenius means. When one design is exposed another is evolved. Gold collected from Middle Eastern countries is brought to Afghanistan where it is melted and changed into gold bars, before smuggling it by different means to India. [Text] [Karachi DAWN in English 23 Mar 81 p 10]

BALUCHISTAN NORMALIZATION PROCESS--March 12--The Provincial Cabinet in Baluchistan will be set up after the formation of the cabinets in the other three provinces, according to reliable sources. However the intelligentsia in the province are not in favour of the formation of Cabinet for the time being as the people are absorbing the process of normalisation, and the province is moving ahead towards economic development and made substantial progress during the last couple of years, with the active cooperation and participation of the people. The people affected during the disturbances of 1973-1977, had availed the general amnesty, returned to their houses and resumed their normal life. Their losses during the disturbed period had also been made good by the present administration. The observers are of the view that with burial of acrimonious past a new chapter of amity and understanding has begun which has paved the way for peace and harmony. There is no political prisoner and complete tranquility prevail in the province. Any change in the Status-Quo might prove detrimental complex pattern of administration. [Text] [Lahore THE PAKISTAN TIMES in English 13 Mar 81 p 4]

TRACTORS FOR FARMERS--Quetta, March 6--The Baluchistan Government has decided to distribute 100 tractors valued at Rs 20 Million amongst Farmers on cooperative basis to boost farm production. These Tractors would be given to the Farmers belonging to the Members of the Cooperative Societies formed for the purpose. Initially each Farmer will be entitled to one Tractor after payment of one third of the cost of the Tractor. The remaining cost of the Tractor would be received from him by easy installments payable over a period of five years. The scheme is designed to mechanise cultivation and improve the quality and quantity of cash and food output so as to raise rural economy of the province. [Text] [Quetta BALUCHISTAN TIMES in English 8 Mar 81 p 3]

ISLAMIC OIL PURCHASE AID--Jeddah, March 17--The Jeddah-based Islamic Development bank today agreed to give Pakistan a loan of 25 million dollars to finance crude oil imports from Saudi Arabia. The agreement was signed at the headquarters of the bank by Dr Ahmed Mohammad Ali, President of the bank, and officials from Pakistan National Bank and Oil Refinery Corporation. With this loan, the total funds the Islamic Development Bank has provided to Pakistan for foreign trade operations since the bank's inception in 1975 come to 165 million dollars. In addition, the bank also contributed to financing of a number of projects in Pakistan to the tune of more than 46 million dollars.--IINA [Text] [Karachi BUSINESS RECORDER in English 18 Mar 81 p 1]

SMUGGLED GOLD SEIZED--The Customs authorities have seized more gold valuing several lakhs of rupees from an Afghan national in Peshawar. The gold bar of 86 tolas valued at Rs 2 lakh, was recovered from a carrier Noor Haider s/o Meer Askari of Jalalabad artfully concealed in one of the pockets of the waist coat. The accused was travelling in a bus from Landi Kotal to Peshawar. The Customs authorities earlier had a haul up of seven bars of gold valued at Rs 17 lakh and Afghan currency totalling 15 lakh at Land Customs Station, Torkham and arrested two Sikhs and two Hindus of Indian nationality along with three local carriers. The smugglers then devised a new mode of operation whereby they manage the transportation of gold through their own hired carriers but the Deputy Collector of Customs, Peshawar, Mr Jehangir Khan, on an information also foiled their fresh bid. The accused has been arrested and further investigation by the Customs staff is in progress. [Text] [Peshawar KHYBER MAIL in English 17 Mar 81 p 1]

ARMY RECRUITING PROGRAM--The Peshawar Recruiting Centre of the Army has announced next fortnight's recruitment programme for the territories under its Peshawar, Kohat and Dera Ismail Khan Branch offices. The recruitment on March 16 will take place at Union Council Rustam, Middle School Dakner, Dak Bungalow Lakharmar and Government High School Rehmani Khel; On March 17 at Degree Colleege Sari, Dak Bungalow Makhad and Railway Station Injra/Uchhri; on March 22 at Dak Bungalow Hangu and G.H.S. Balot Sharif: on March 24 at Dak Bungalow Mardan, Police Station Khurram, Dak Bungalow Latamber, Town Hall Timorte and Town Hall Lakki Marwat; on March 25 at Police Station Kala Khan, Community Centre Karak, Police Station Lachi and Dak Bungalow Kala Bagh; on March 26 at Hujra Subedar Marifat Shah Babuzai Katlang, Dak Bungalo Isa Khel; on March 29 at F.C. Post Spina Thana; on March 30 at Government P a School Khushki Bala. [Text] Peshawar KHYBER MAIL in English 16 Mar 81 p 8]

CSO: 4220

EXCITING PROSPECTS REPORTED FOR 'PETROLEUM TREE'

Manila PHILIPPINES DAILY EXPRESS in English 9 Mar 81 pp 1,6

[Text]

BAGUIO CITY – More extensive studies are under way to explore the potential of *hangu* or petroleum tree as a non-conventional energy source.

For instance, a 25-hectare plantation has been established for research on the tree's propagation, early fruiting, resistance to diseases and pests and extraction of oil, says the Forest Research Institute (FORI) in Los Banos, Laguna.

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AS EARLY as three years ago or even before the government got interested in extensive propagation of the tree, FORI already has been doing research on its nut as a viable source of oil fuel.

Widespread interest in *hangu* is understandable because of escalating prices of fossil oil. Earlier tests had established that flammable oil could be extracted from *hangu* nuts, says FORI chief chemist Mario Jayme.

By FORI's estimate, a tree bearing 15 kilos of nut fruits can yield 73 cubic centimeters of oil.

Already, selected areas have been pinpointed where *hangu* trees abound, says FORI research division chief Bartolome Noble. These are in the Mountain Province, Santa Fe in Nueva Vizcaya and Mount Mariveles in Bataan.

Trees found in Sta. Fe and Mt. Data have bigger nuts, averaging 4 cm in length and 2.5 cm in diameter. Other nuts produced in the mountain provinces are smaller.

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BOTANICALLY known as *Pittosporum resiniferum hems*, the tree is distinctly resinous, according to FORI experts. Its leaves, bark, wood, roots and branches have the same orange-like odor as its nuts.

Hangu grows to a height of 25 to 30 meters. It bears white fragrant flowers, about 1.3 cm long, in clusters. Its leaves, some 8 to 15 cm long, are smooth and pointed at both ends. A fruit with 20 or more black seeds grows 3 to 4 cm in length.

It takes three-and-a-half years for the tree to flower and bear fruit and five months for the fruit to mature. Because of this long gestation, FORI researchers have included in their studies methods to induce early flowering, says Mr. Noble. Through fertilization, FORI also hopes to obtain better yields.

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EARLIER studies have found *hangu* naturally resistant to most pests like insect borers and leaf miners.

"No disease yet has attacked experimental plants seeded three years ago," reports Noble. Cutting, grafting, and budding methods of propagation are being studied for possible widespread adoption.

Hangu was first noticed for its oil potential by an American chemist-missionary, Roy F. Bacon, in 1907. He was then mapping a trail for the now established Halsema national highway leading to the Mt. Province and studying the various turpentine and essential oils from plants.

Bureau of Plant Industry studies in the mid-70s confirmed Bacon's findings about the tree's flammable properties.

Hangu may also be tapped for medicinal oil. During World War II, it was widely used for treating gunshot wounds and muscle pains.

The only country known to be cultivating petroleum nut on a wide scale is Laos. Called *lasang* in that country, the nut is commonly extracted for its medicinal oil.

In Europe, it is called "gamboge." Growing wild among the thickets, "wildcrafters" or European herbalists have used the nut for treating various ailments. – DEPTHnews

CSO: 4210

COCOBANK REINVESTS $125 MILLION

Manila PHILIPPINES DAILY EXPRESS in English 9 Mar 81 p 21

[Text]

UNITED Coconut Planters Bank (Cocobank), the first private commercial bank authorized by the Central Bank to go into expanded commercial banking, is reinvesting P125 million into its operations.

Eduardo M. Cojuangco, bank president, said the reinvestment was effected via a 40-percent stock dividend declaration by the bank's stockholders during their annual meeting last March 3.

The stockholders also approved an increase in the bank's authorized capital from P325 million to P500 million divided into 500 common shares with par value of P1 per share.

Cojuangco said the twin moves were dovetailed with Cocobank's universal banking functions.

The bank, owned by 360,000 coconut farmers, declared a 100-percent stock dividend in 1978; a 20-percent stock and 20-percent cash dividends in 1979.

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LAST year, Cojuangco told bank stockholders Cocobank realized a P121-million net income, the largest in the industry.

The net profit was eight percent more than its income in 1979.

Cojuangco noted that the earning performance of the bank can be better appreciated based on the ratio of net income before tax to average capital account and to average paid-up capital at 34.1 percent and 53.7 percent, respectively.

Total bank assets grew by about 18 percent to P4.645 billion with the bulk accounted for by a 26.8-increase in net loans, discounts and advances which at yearend amounted to P2.078 billion.

The asset appreciation, Cojuangco reported, was funded by deposits which increased by 18 percent to P3.188 billion and equity which expanded by about 32 percent to P511.3 billion.

During the five-year period of its existence, Cocobank has increased its network of branches from 13 in 1975 to 50 in 1980. The 51st branch will open soon in Baguio City. An additional five branches are being programmed, he added.

Cojuangco said that the bank has extended an emergency soft educational loan to coconut farmers amounting to P30 million.

CSO: 4220

ECONOMIC RESULTS GET HIGH RATING

Manila PHILIPPINES DAILY EXPRESS in English 7 Mar 81 p 14

[Text]

The country's overall performance in 1980 has been given a fairly good rating, considering that the recession abroad was sharper, global inflation faster and oil prices raised faster than expected.

This assessment was made by the Central Bank in its last quarterly report, even as it acknowledged that the national output grew at a slower pace, the balance of payments remained in deficit although lower than in the previous year and inflationary pressures continued.

I. OVERVIEW

The more important economic and financial developments in 1980 as reported by the Central Bank follow:

1. Foreign exchange transactions reflected an overall deficit of $380 million, about two thirds the $570 million deficit in 1979. The deficit came about largely as imports increased by 15 percent, which could not be offset by the 23 percent rise in exports and the $936 million in net capital inflows.

2. The country's gross international reserve stood at about $3,155 million as of the end of 1980, 30 percent higher than a year ago. Of the total reserve, approximately 9 percent consisted of gold holdings valued at an average price of about $153 per ounce, a highly conservative figure compared with the gold price of $588 prevailing at the close of 1980.

3. The peso's exchange rate with the US dollar averaged P7.5115 in 1980, nearly 2 percent up on the average for 1979 reflecting some degree of pressure arising from the unfavorable external position.

4. The country's external debt amounted to $12,270 million by year-end, up by 25 percent from its level a year earlier, as foreign exchange became increasingly needed to maintain the growth momentum. Of the total debt, 49 percent was accounted for by the government sector, 48 percent by the private sector and 3 percent by the Central Bank. The 1980 debt service ratio at 18.7 percent was about the same as in 1979.

5. Money supply expanded by 15 percent to P21,671 million notwithstanding the deflationary impact of the balance of payments deficit. Bolstered further by a 20 percent increase in savings and time deposits, this gave rise to a 13 percent increase in domestic liquidity which stood at P64,889 million. Deposit substitutes, a third component of liquidity, dropped by 5 percent.

6. Domestic credits totalled P96,104 million, up by 21 percent from the end-1979 level. Of the credit expansion, about 84 percent went to the private sector and 16 percent to the public sector which, in contrast to the decline in 1979, posted a 31 percent rise in credits in 1980.

7. The stock market reflected a downturn in both volume and value of transactions. Valued at P1,997 million, a total of 39,258 million shares were traded, reflecting decreases of 12 percent and 30 percent, respectively, from comparable levels in 1979. Meanwhile,

money market transactions registered a 4 percent rise in volume to P306 billion with a weighted average rate of 13.154 percent compared to 12.886 percent in the previous year.

8. Cash operations of the National Government ended in a deficit of P2,074 million despite the 20 percent rise in revenues as expenditures rose by a bigger 26 percent. With net borrowings of P3,050 million, the change in cash position amounted to P1,206 million.

9. Based on advance estimates of gross national product and income by the National Economic and Development Authority (NEDA), the growth in real output amounted to 4.7 percent in 1980, 0.8 percent lower than the revised target of 5.5 percent under the Five Year Development Plan. Contributing significantly to this growth were the industrial and service sectors.

10. Consumer prices in the Philippines moved up by 17.6 percent during the year which was higher than the inflation rate of 16.5 percent recorded for 1979. Food rose by 14.8 percent, non-food items, by 21.8 percent. A decelerating trend, however, became clearly evident after the first quarter of the year.

II. FOREIGN EXCHANGE TRANSACTIONS

The country's external transactions in 1980 reflected an overall deficit of $380 million, substantially lower than the $570 million deficit in 1979.

As in previous years, the deficit arose largely from a negative merchandise trade account, which showed a deficit of $1,749 million. The trade shortfall which was slightly lower than in the previous year, came about despite the 23 percent rise in export receipts as import payments rose by 15 percent to $6,391 million.

Although non-oil imports rose at a much lower rate, crude oil and other petroleum products added about $600 million to the import bill, about 71 percent of the total increase in import payments.

This represented only 60 percent of the value of the increase of oil import arrivals, with the balance being financed by short-term capital inflows. Moreover, much of the increase in the oil bill was due to higher prices considering the practically unchanged volume of purchases.

Export receipts totalled $4,642 million, higher by $863 million than in 1979. Substantial improvements were noted in sugar, copper nickel, desiccated coconut, gold and manufactured items like garments, electric and electronic equipment and parts and non-metallic mineral manufactures. In contrast, coconut oil, bananas and logs registered lower receipts.

The non-merchandise trade account posted a deficit of $67 million in contrast to the $83 million surplus in 1979. Disbursements outpaced receipts due mainly to higher interest payments and freight and insurance costs following the rise in imports. Meanwhile, transfers netted $343 million, up by 13 percent from the previous year. As a result, the current account ended in a deficit of $1,473 million, $97 million or 7 percent higher than the $1,376 million deficit registered in 1979.

Non-monetary capital movements, reflecting a net inflow of $936 million which was 27 percent higher than the 1979 figure, served to cushion the current account imbalance. Net long-term capital inflows, up 9 percent from 1979, amounted to $313 million and were used mainly for financing priority projects. At the same time, net inflows of short-term capital reached $625 million or 40 percent higher from the previous year as commercial borrowings by oil companies to finance part of the higher oil bill and by certain public enterprises increased.

With the gold sold to the Central Bank amounting to $128 million and with $29 million in SDRs being allocated to the Philippines, the country's foreign exchange transactions closed the year with an overall deficit of $380 million.

In the face of continuing external pressures, the Central

Bank undertook compensatory borrowings of $1,000 million, more than twice the comparable figure in 1979. This led to an increase of $733 million in the international reserve which stood at $3,155 million by the end of 1980, a level equivalent to six months import requirements.

The peso showed a steady downtrend vis-a-vis the US dollar with the interbank guiding rate averaging P7.5115 in 1980 compared to P7.3776 in 1979. This could be due partly to the persistent balance of payments deficit. However, the high level of reserves and the capacity of the authorities to support the value of the peso served as a safeguard against a drastic deterioration of the currency.

CSO: 4220

OPLE CAUTIONS LABOR GROUPS

Manila BULLETIN TODAY in English 13 Mar 81 pp 1,13

[Text] Labor Minister Blas F. Ople cautioned organized labor yesterday to end its squabbles and power struggles in order for them to be able to work for the common good of Filipino workers.

Ople made his appeal in a meeting with the Trade Union Congress of the Philippines led by Ernesto Herrera, Assemblyman Eulogio Lerum and Loreto Javier, Jr., and the opposition labor federations grouped under the Pagkakaisa ng Manggagawang Pilipino alliance headed by Felixberto Olalia, Sr. of the Kilusang Mayo Uno Labor center.

During the meeting held at the Manila hotel yesterday, the leaders of oganized labor pledged to set aside personal interest and work together to upgrade the wellbeing of the workers.

The PMP alliance had earlier vowed to boycott all negotiations pertaining to wages, including the forthcoming tripartite conference on labor relations, despite the warning of the Ministry of Labor and Employment (MOLE) against labor anarchy.

Ople reminded labor leaders that the tripartite conference will push through despite plans by some labor organization to boycott it.

He said that the tripartite conference scheduled March 27-28 in Puerto Azul will be the proper forum to discuss labor's demand for the full restoration of the right to strike.

Earlier, Ople asked the business community to consider compliance with the allowance decrees and other labor standards as an expression of their concern for social and economic stability.

Speaking before members of the Federation of Filipino Chinese Chambers of Commerce and Industry at the Philippine Plaza hotel, Ople said that the ministry has noted that 90 per cent of the 45 strikes declared by workers groups since the lifting of martial law had been attributed to non-compliance with allowance decrees.

Ople said that it is surprising that some of the companies hit by strikes were of such size and affluence they could not comply with the various labor standard laws.

He said that the nation is going through a peculiar period between the lifting of martial law and the enactment of a labor relations law that will provide a more permanent framework for workers to exercise their right to self-organization, and to strike.

PD823, as amended, governing the exercise of the right to strike and lockout will continue to be in effect, but in the meantime, a new climate favorable to the exercise of workers' right to strike has set in, Ople said.

This is the reason, he said, why he is calling a national tripartite conference on labor relations, which, he added, is the most crucial and important tripartite conferences of all.

This meeting, he said, will examine a number of options in the enactment of a new labor relations law by the Tatasan Pambansa which would be ready for the President's signature on May 1, which is Labor Day.

CSO: 4220

EXPANSION OF TAX EXEMPTION FOR MINES REPORTED

Manila BULLETIN TODAY in English 24 Mar 81 p 22

[Text] President Marcos has issued an executive order expanding the coverage of the tax exemption privileges granted to mining companies.

Executive Order No. 660, issued last March 4, placed mining firms expanding their operations under the tax exemption umbrella.

Before promulgation of the order, only new mines and old mines whose operations had stopped for several years but are now being resumed are granted tax exemption.

The executive order directs inclusion of operating mines "with large and/or newly discovered ore reserves" in the list of mining firms entitled to tax exemption under Section 53 of Presidential Decree No. 463.

The period of tax exemption "shall commence from the date of the first bona fide order of machineries, equipment, tools for production, plants to convert mineral ores into saleable form, spare parts, supplies, materials, accessories, explosives, chemicals and transportation and communication facilities needed for expanded operations."

The tax exemption privilege will last for a two-year period starting from the first day of expanded operations.

The minister of natural resources has been directed to promulgate rules governing implementation of the tax exemption grants. The rules will specify, among others, the minimum volume of ore reserves which a company should have to entitle it to the tax exemption privilege.

The tax exemption privileges granted to new and old mines under section 53 of PD 463 included customs duties on imported equipment and royalties.

In issuing executive order No. 660, the President took note of the fact that mineral export is among the top foreign exchange earners of the country.

The President also took cognizance of the large and newly discovered ore reserves of existing mining companies.

The executive order was issued upon the recommendation of Juanito C. Fernandez, director of the bureau of mines and geo-sciences.

Fernandez said that expansion of the tax exemption coverage will enable the industry "to attain higher levels of mineral production." In a letter, he reported to the President that because of uncertainties caused by the declining metal prices, mineral production in 1980 had a comparatively low growth rate of 10 percent.

Output during the first two months of this year, Fernandez said, "is even more discouraging." He said that unless something is done to help the industry, income from ing point complex of the target set in the 10-year national development plan may not be realized. [as published]

CSO: 4220

SEAWEEDS TO BE PROCESSED IN CEBU PLANT

Manila BULLETIN TODAY in English 19 Mar 81 p 12

[Text] Natural Resources Minister Jose J. Leido, Jr., has recommended to President Marcos the establishment of a P38 million seaweed processing plant in Cebu, it was reported.

Leido reported that the University of the Philippines and the Ministry of Natural Resources (MNR) have perfected a technology for the processing of seaweeds into gums which are widely used as raw materials by various manufacturing industries.

He said that local processing of seaweeds into industrial gums would result not only in foreign exchange savings but also in dollar earnings. He said that at present, local firms are importing their industrial gum requirements.

Leido said that industrial gums are important industrial raw materials used in the food, dairy, pharmaceutical and textile industries.

He said that with the establishment of the processing plant, the Philippines could go into the exportation of industrial gums. At present, the country exports unprocessed seaweeds and seaweed products.

In 1979, the value of unprocessed seaweed and seaweed products exported to the United States, Denmark and Japan totalled P58.52 million. Leido said that if the country exports processed seaweeds instead of unprocessed seaweeds, foreign exchange earnings from this export could be doubled or even tripled.

Leido reported that seaweed processing is an industry which is so promising that several countries, like Canada and Tanzania, are setting up their own processing plants.

CSO: 4220

LABOR DEMAND IN SAUDI ARABIA FAVORS REPUBLIC

Manila BULLETIN TODAY in English 19 Mar 81 p 19

[Text] The trend in Saudi Arabia's labor demand is tilting in favor of Filipino workers who can be depended on in carrying out the infrastructure projects of that Middle East Kingdom.

This was the assessment made by a group of Saudi Arabians who visited the Philippines recently even as they lauded the Ministry of Labor and Employment (MOLE) for providing private recruitment agencies ample room to assert themselves in helping the country earn dollar reserves.

The group had spent some time in the country, studying the local labor market for Saudi Arabia's need.

Sizing up the group's visit, Mila Balbin of Aries Promotions and Employment Agency, said that "Saudi Arabians have taken cognizance of the fact that they need us for manpower rather than we need them."

She said that local recruitment agencies must have adequate leverage in securing the welfare and protection benefits of workers being sent to the Middle East.

Another labor recruiter, Mila Catan, said that the fielding of more labor attaches in Saudi Arabia by the government will help solve the kingdom's problems in no time at all.

Catan noted that it is physically impossible for just one attache to attend to the needs of Filipino workers posted in areas some 1,000 kilometers from the consulate.--JB

CSO: 4220

PLANS OKAYED TO BOOST FOOD EFFORT, LOWER PRICES

Manila BULLETIN TODAY in English 19 Mar 81 pp 1, 8

[Excerpt] The national food authority headed by the First Lady and Human Settlements Minister Imelda R. Marcos approved yesterday a plan to boost food production and keep food prices low for consumers through an expanded Kadiwa program.

She called the NFA council to its first meeting since its creation Jan. 14 under Presidential Decree 1770.

The NFA took over the functions of the defunct national grains authority with broader powers to stabilize prices of basic goods aside from grains.

Mrs. Marcos called on the council members, some representing the country's financial institutions, to launch a crash program of national food sufficiency.

Beyond this, the council will make plans for the exportation of any food surplus as an ultimate goal.

This would in effect try to duplicate the government's successful Masagana 99 program which made the country a rice exporter.

The First Lady said the NFA's immediate goal was to keep prices of basic commodities at reasonable levels through the Kadiwa program, an agency of the NFA.

The Kadiwa, with already 166 outlets in the country and about 20 percent of the Metro Manila market, and with gross sales of P1 million daily, was reported having difficulties supplying a rapidly increasing demand.

"Since we have been doing well in the market, we lack products to sell," the First Lady said. She called for the production of more goods found to be most saleable in the Kadiwa centers.

CSO: 4220

NATION'S ECONOMY FOR YEAR ASSESSED

Manila BULLETIN TODAY in English 18 Mar 81 p 24

[Text] The Philippine economy for 1981 will be no better than that of 1980.

This assessment was made by noted economist and former Harvard lecturer Dr. Bernardo M. Villegas in his address before the general meeting of the Association of Accredited Advertising Agencies of the Philippines at the Philippine Columbian Association clubhouse.

Villegas told the presidents and top executives of the leading advertising agencies in the Philippines that the consumer market, for one, will continue to be "depressed" due to the "collapse of the prices of coconut products which constitute the bulk of Philippine exports and on which one third of the population depends for livelihood."

Villegas recalled that during the years 1974-1979, sales of consumer goods boomed because the prices of coconut products were up and the government was "bullish" in its infrastructure and rural electrification programs.

He urged the wise use of available cash because of this. Western and Central Visayas as well as other southern regions will enjoy a sales bonanza especially for consumer products.

He predicted that the depreciation of the value of the peso will not be more than 5 percent in 1981 in spite of an oil price increase. Oil prices will go up by only 20 percent as against 40 percent in 1979 and 60 in 1980, while the increase in the cost of imports will be due to inflation in the industrialized countries like the United States.

On a question, he said the government is ill advised by penalizing closed corporations thru high taxes as RP has a young economy and people will not buy equity in them because they have other priorities.

CSO: 4220

BRIEFS

MINDANAO ALLIANCE ORGANIZING MOVEMENT--Gov. Homobono A. Adaza of Misamis Oriental, Mindanao, said his party, which is the biggest opposition party in the Philippines in terms of the number of public officials elected in the local elections of Jan. 30, 1980, is sponsoring the organization throughout the country of a "Movement for the Restoration of Democracy in the Philippines" (MRDP). The organization, Adaza said, will coordinate the recently launched "A Peso for Democracy" campaign which the Mindanao Alliance (MA) sponsored the other day. Adaza, who is in Manila to follow-up official transactions and as guest speaker of the national convention of public librarians throughout the whole country, said that he has received, even without solicitation, contributions from government officials who insisted on remaining anonymous. A coordinating council will be organized this week to constitute the inner core of the MRDP. All segments of the country will be represented--students, professionals, farmers, laborers, government officials, fishermen and out of school youth, among others. "We should all stand and be counted if we are interested to restore democracy in the Philippines. This is the only way," Adaza said after receiving encouragement on the "A Peso for Democracy" campaign. [Text] [Manila BULLETIN TODAY in English 12 Mar 81 p 28]

CSO: 4220

DESPITE SOME SUCCESSES, PROBLEMS CONTINUE IN SOUTH

Paris LE FIGARO in French 2 Mar 81 p 4

[Article by Francois Nivolon--passages enclosed in slantlines printed in italics]

[Text] Hat Yai, South Thailand. /February./ A vast military operation, involving more than 2,000men supported by aircraft and armored vehicles, has in its first few days brought about the death of some 50 communist guerrillas in the northern part of the country, at the hands of the Thai army. In the north, near Monts Khao Khor Ya, is one of the Thai Communist Party's most solid bases.

Another blow struck against the PCT [Thai Communist Party] is of a political nature, with the winning over of several Bangkok students in the last few months who had joined up with the guerrillas in October 1976. The most recent is Thafrayuth Boonmee, former secretary general of the student association.

But in southern Thailand, the situation is not improving, quite to the contrary, even if it is true that several days ago the army discovered and destroyed several rebel camps previously abandoned by the communists. Quite recently a wave of violent indicents, which were not all due to the PCT, has brought bloodsheed to several regions.

On 20 February, "bandits" massacred 15 people including 14 civilians, and wounded 11 in the souther province of Yala. About the same time, 4 bombs exploded in Padang Besar, a border town on the doorstep of Malaysia, and two others were disassembled in extremis at Hat Yai, 60 km north of Padang Besar.

Still on the same day, PCT guerrillas assassinated a village school teacher in cold blood, in the middle of his class, in the province of Nakhon Si Thamarat. In Surat Thani, communists downed a helicopter, leaving 12 dead. After having suggested the possibility of a "mechanical failure," the army announced the following day that the pilot and the co-pilot had been killed by bursts of fire from automatic weapons before the helicopter fell to the earth.

Contraband and Prostitution

The deadly violence of 20 February was evidently not well-coordinated, except perhaps the incidents in Padang Besar and Hat Yai: in those two localities the bombs were identical. It could be activity by Muslim "separatists," 600 ot 700

men, who in bands of several dozen struggle for the independence of the provinces in the extreme south, especially those of Pattani, Marathiwat and Yala. A substantial minority of the population of that region is ethnically Malaysian and practices the Muslim religion.

But the hypothesis that these incidents were the settling of personal scores cannot be excluded. Padang Besar, a big market town on the border, lives basically off the contraband trade in all sorts of things which come illicitly from Malaysia. The houses of ill repute there are also extremely prosperous: the Malays spend freely there for the simple reason that prostitution is rather severely punished in their country.

Now among the keepers of the houses of ill repute there are obviously disputes. One finds disputes also among the chiefs of the smuggler's associations many of whom also belong to the previous category. Padang Besar was almost abandoned for 48 hours. Then normal activities resumed.

The psychological effect was much more serious at Hat Yai, one of the capitals of the south, which experienced an extraordinary boom for several years by reason of tourism... and contraband. Despite the periodic attempts of the authorities to get things back in hand, many stores downtown are offering radio and television receivers, cameras, electric appliances, wine and alcohol from Malaysia and Singapore, at prices which defy competition. The upper middle class of Bangkok are the clientele.

By a very substnatial margin, Malay tourists--more than 400,000 of them in 1980--are the most numerous in Hat Yai precisely for the same reason as in Padang Baser. On Thursday night and Friday, the "weekend" of the Muslims, Hat Yai's 32 hotels are always filled. In ordinary times, the police are not very visible in Hat Yai, except for a legion of "contractors" dressed in khaki who work strenously at placing traffic tickets on the windshields of motorists who regularly throw them in the gutter. But after the abortive attacks on 20 February (it was a Friday) the city was literally divided into squares for several days, and the Malay tourists, apprehensive of new bomb attacks, quickly made themselves scarce, at least for the time being.

In southern Yala, those responsible for the 20 February massacre were probably "separatists." In early afternoon, on the national highway from Yala to Betong, close to the Malay border, about 10 men dressed in dungarees and armed with "M-16's" forced 6 behivles to stop. Before robbing the passengers, they divided them into two groups, the Thais on one side, and on the other the ethnic Malay travelers. Seeing a military vehicle approaching, they opened fire on their victims, but spared the lives of the Malays.

All the same one must reassure the pack of tourists comming to Thailand from Japan and western Europe: they are taking no risks, hardly ever frequenting the locales of "separatists" agitators and even less the forest-covered mountains where the communists are fighting. It is the latter who constitute far and away the greatest danger to the south, even if their guerrillas number no more than around 2,500.

Terrorists Raids

Despite the statements of local military authorities, the situation has not been normalized in two districts in the eastern part of Krabi province. A lengthy army operation in that region has resulted in the destruction of several camps. But the population, in certain areas of hevea plantations, complains that it is still being forced to pay taxes to the communists.

In Nakhon Si Thamarat, the number of incidents has significantly declined, but in that of Surat Thani it has seriously increased. Firmly implanted in bases that are almost impregnable in the heart of a mass of mountains covering more than 20 thousand square km, which includes parts of two provinces, the PCT guerrillas carry their attacks alternately to Naknon Si Thamarat and Surat Thani.

Four districts in the Surat Thani province, some 60 km south of headquarters, are particularly infested by the communists: Wiang Sa, Ban Na San, Ban Na Dern and Kiensa. At the request of the villagers, a curfew was imposed on a large part of this region. In January, the governor of Surat Thani, even though under escort of a convoy including several armored vehciles, was attacked twice on the way from Wiang Sa to a pagoda situated 8 km east to attend the cremation of a bonze, and a third time on the return trip.

On the night of 11 February in the district of Ban Na Dern, three communist bands joined up at the chief town of the canton, destroyed the police station and set fire to the housing of the police officers, leaving 1 dead and 15 injured. After having preached communism for an hour they withdrew with the weapons and ammunition from the station. Such attacks, frequent up until 1979, are more rare now, it must be admitted.

Several days later, a military operation supported by 15 helicopters, including the one that was [later] to be brought down, was unleashed in Kiensa district. It led to the capture of 21 February of one of the most important communist bases, "camp 514". But it was empty, the PCT men having left with their weapons, abandoning only a small amount of ammunition, office supplies, and a number of propaganda tracts.

The following day, after having set fire to all the "camp 514" installations, the Thai army left the site, and the sequel is easy to predict: the communists, who rejoined other camps in the province of Surat Thani, will return to "camp 514" in a few weeks, and set themselves up there again.

The problem for the Thai army has been the same year in and year out: without enough troops it cannot occupy the terrain following the destruction of a communist camp! The fourth military region, which covers all of southern Thailand, has only 6,000 men, half of whom are based in the extreme south.

Only 2500 soldiers, including a battalion of "Marines," are available for the struggle against an equivalent number of communist guerrillas in the provinces of Surat Thani, Nakhon Si Thamarat and Krabi: that is obviously not enough.

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